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SUPPLEMENTAL STATE DEPARTMENT AUTHORIZATION, S. 2296

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

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SUPPLEMENTAL STATE DEPARTMENT AUTHORIZATION, S. 2296

WEDNESDAY, MAY 23, 1990

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m. in room SD–419, Dirksen Senate Office Building, Hon. Claiborne Pell (chairman of the committee) presiding.

Present: Senators Pell, Simon, and Helms.

The CHAIRMAN. The Committee on Foreign Relations will come to order.

This morning our committee is meeting at the request of the ranking minority member, Senator Helms, to hear testimony on the administration's State Department supplemental request for fiscal year 1991. The committee is pleased to have Mr. Ivan Selin, Under Secretary of State for Management, and John Bolton, Assistant Secretary for International Organization Affairs, to represent the State Department.

As you will recall, the Congress passed a 2-year Department of State authorization bill earlier this year. That legislation authorizes $3.8 billion for State Department programs and international organizations in fiscal year 1991. The administration is now asking for additional spending authorization to allow the State Department to carry out new program plans for 1991 that were not included in the 2-year bill.

This supplemental authorization request, if granted in full, would bring the fiscal year 1991 authorization total to $4.7 billion. Two notable items in the supplemental are a $270 million authorization request to tear down and rebuild the Moscow Embassy and a $475 million authorization request to pay arrearages to international organizations.

The request for $270 million to rebuild the Moscow Embassy comes after several years of investigation, analysis, and controversy. There is still substantial disagreement within the Congress regarding the various options for ensuring our mission in Moscow has adequate, secure office space in which to work. Further complicating the question of what should be done about the Moscow Embassy is the need for additional unclassified office space to meet the present and future demands of our diplomatic presence.

The building is clearly unsuitable for housing classified functions. However, I personally believe that tearing down the nearly completed new office building would be a dreadful waste of money.

It seems to me that the new office building could be finished and used as unclassified office space.

In view of the State Department's current efforts to negotiate for additional properties in Moscow, new possibilities for resolving this difficult problem may emerge in the near future. I look forward to hearing Mr. Selin's thoughts on this matter.

No one would deny the urgent need to resolve this matter once and for all and, after several years and much deliberation, the administration has put forth a plan and submitted a request for funding. Notwithstanding my deep reservations about the administration's plan, I believe it is important we move forward one way or another on this urgent matter.

The administration has also requested $475 million to eliminate U.S. arrearages to international organizations over a 5-year period. The Bush administration apparently recognizes the success of the U.N. and other international organizations in supporting efforts to bring peaceful resolutions to conflicts and to address a host of worldwide concerns. I am pleased the administration has placed this priority on restoring the United States to paid-up member status in these organizations.

I would think it would be more appropriate if Mr. Bolton was up with you, too.

Mr. SELIN. Mr. Bolton is here, Mr. Chairman.

The CHAIRMAN. I realize that, but maybe on the panel.

Mr. SELIN. We thought we would just handle the accounts in order, but however you wish, we would be delighted to do it.

The CHAIRMAN. Why do we not all sit together; I think put Mr. Bolton there.

And I would add that there will be a vote at some point, which we will have to recess the committee for and then come back.

I notice that you have a fairly long statement. I hope you could abbreviate your thoughts to maybe 5 minutes or so at this time.

STATEMENT OF HON. IVAN SELIN, UNDER SECRETARY OF STATE FOR MANAGEMENT; ACCOMPANIED BY, JILL KENT, CHIEF FINANCIAL OFFICER, DEPARTMENT OF STATE, AND RICHARD DERTADIAN, DEPUTY ASSISTANT SECRETARY OF STATE FOR FOREIGN BUKILDINGS OPERATIONS

Mr. SELIN. Of course, Mr. Chairman. We appreciate the courtesy and the time. We realize you do have a lot of other things.

You have actually given half my statement, so I will even further go through an abbreviated version. First I would like to introduce Jill Kent, the Department's Chief Financial Officer, and Dick Dertadian, the Deputy Assistant Secretary, who runs the Office of Foreign Building Operations, as well as Assistant Secretary Bolton.

I thank you for your courtesy. I will not go into the reasons that we need an authorization at this point. Basically, the authorization that you passed at the beginning of the year was based on a straight-line estimate of what the 1991 budget is, and there are some very specific accounts where we just did not have the information, you did not have the information to bring them up to date.

To summarize, what we are asking for in this authorization is $23 million in salary and expense account to make up for various

shortfalls, primarily the senior salary increase and some problems associated with the funding of joint administrative costs in our overseas missions.

As you summarized, Mr. Chairman, $360 million in the acquisition and maintenance of buildings support abroad, of which three-quarters is the Moscow building and $90 million is for a couple of other projects in line with the President's 1991 appropriation request.

The contributions, $473.9 million, contributions to international organizations and to international peacekeeping activities, which Mr. Bolton will address; $5.6 million for migration and refugee assistance in 1991; and then $5.1 million for the various miscellaneous accounts, international conferences and contingencies, inspector general, emergencies in the diplomatic and consular service, the American Institute in Taiwan, and some specific bilateral science and technology exchanges in Eastern Europe.

Two programs I wanted to talk about a little bit is our capital program, and including the Moscow program, and then the importance of just having an authorization in time to avoid the problems we have had this year with the 614 paragraph.

In general, on the capital program I have to say that we are concerned about the aging of our building inventory and the need to provide a consistent level of funding for new construction. These are long-term programs and we feel it is essential that we develop and present to you a long-term building and maintenance program with some reasonable assurances of the continuity of funding.

The needs will be compounded. Our needs are not going down. Our Inman authorization, or particularly the Inman appropriations, will essentially be finished by the end of 1991, so we will need new money to keep up a level of activity that we have been able to carry out in the past.

We are making a serious and sustained effort to fix our building inventory abroad in a responsible and well-managed approach based on realistic long-term planning.

We know that we need to start and complete more projects out of the funds made available to us by the taxpayer, so we are taking a fresh look at these challenges, looking at opportunities for managing our current programs better and for identifying innovative approaches to filling our requirements.

We do not expect just to come up to the Congress and ask you for new money every time we wish to build a project. For instance, we are exploring the prospects for multiyear contracting so that we can build more projects, and we have launched a professional asset management program to help us get the maximum value out of our properties overseas through development, out-leasing, exchange, and sale of carefully selected properties.

In some cases, we may sell some properties to finance new projects. In some cases we think we can share some of the funding risks with private sector organizations. Even with the successful implementation of such innovations, however, we know that we will require predictable resources from the Congress over the coming years.

I would like to turn to the Moscow building which you raised, Mr. Chairman. Your questions are very important ones. You will not be surprised to hear that we addressed these before.

It is a controversial and expensive program. As the Secretary made clear repeatedly this spring and as you say yourself, we attach high priority to resolving this problem, obtaining working facilities in Moscow appropriate to the importance of the relationship and to get on with the project.

I would like to reaffirm that the administration is actively and energetically seeking congressional support for its decision. From your committee we are seeking an authorization of $270 million so that we can seek the appropriation to let us begin construction properly.

As far as our space needs now, I would like to assure you that our plan will make it possible for us to meet all major categories of space, classified and unclassified. But we have to start with the needs for classified space. That is the expensive space, that is the difficult space to get, that is the cornerstone of the program. Also, that is the amount of space that we do not expect to grow in very large degree over the next few years, whereas the unclassified space needs will continue to grow over the next decade.

The question really is not one of what to do with the NOB. That would be relatively easy to answer. The question is how can we most efficiently, most quickly get ourselves some classified space, and then what to build around it.

We could in fact salvage the existing building, that is correct. For about $35 or $40 million, we could turn it into a building that had some office space and some appropriate apartments in the middle of this housing complex. The trouble is that would leave us with no solution to the classified building problem.

So, our program is built around first starting with the classified building. We feel that, as flawed as this building is, it has several advantages. It has a foundation that is perfectly adequate. It has utilities that are perfectly adequate.

And most importantly, it is in the right location. It is a building that has very limited access because it is in the middle of an American residential and work area.

And the second thing is that by use of that building, as much of the building as we can salvage, for the classified building, we can save about 3 years and considerable costs in site preparation, in building a foundation, in getting all the agreements that you would need to have to start construction on a new site and to get on with the work.

In short, we have done the costing of the building on this site plus an unclassified building in the space between the old and the new embassies versus keeping this building as an unclassified building and building a new classified chancery on a new site between the two current sites. It is about $50 million cheaper and, more importantly, it is 2 to 2½ years faster to tear this building down, put up the classified chancery on this annex, and use the space between the two sites as a place for unclassified buildings.

One intuitive thing that I think is important is we are talking on the order of a quarter of a billion dollars for the construction project. We have about $22 million invested in this building at this

point. That is a great deal of money, but it is not such an amount of money that it should drive how we solve the problem.

If you start, from my point of view, Mr. Chairman, about what is the best, fastest, most efficient way to assure the chancery and then say, what else do you do, I think you might end up a little more sympathetic to our approach.

It bothers me at least as much as it bothers you, Mr. Chairman, to tear down a building—it is not a terrific building, but it is an adequate building—and rebuild a building on the same site. But I have spent the better part of a year going through all the alternatives and particularly going through the problems involved in building a new chancery on a new site, with a new foundation, a new set of soundings, a new set of building permits.

And the net effect of all that would be several more years to get to the chancery, several more years of continuing to operate in the current building, which as you pointed out is completely unsatisfactory.

I would just like to summarize the importance of the repeal of section 614. That might be overtaken by events, but we appreciate your support in the bill, in the supplemental, which does call for the repeal of 614.

The impact on our operations in 1990 and 1991 if 614 is not repealed will be drastic: the reduction in our foreign service intake so low as to impede our ability to shift personnel to Eastern Europe; a reduction by one-sixth in the inspector general's program, which is forcing the inspector general to suspend additional overseas inspections—he does not have the travel money for this year—deferral of the important security programs, particularly to do with consular operations and antiterrorism operations; a complete stop in the major infrastructure programs, including the backup computer. As you know, we are completely dependent for our operations on a single computer site, without backup, in the State Department building. The great harm that Mr. Bolton will discuss to our international organization accounts.

The main problem is that if 614 is not repealed, we will be going into next year with a lower base and with a deferred need for the same money, the same $250 million, in 1991. So, the net effect would be a $500 million shortfall, an increase in needs that are deferred, and a lower base going into 1991.

I would like to stress that we welcome your statement and votes on the night of April 26 to waive the Budget Act in order to repeal section 614. I hope that the Congress will act soon and definitively to put these harmful restrictions behind us.

Rather than continue, I would be pleased to answer any questions.

Mr. Bolton and I discussed this. We, of course subject to however you wish to handle it, we thought it might be more efficient if we addressed the questions to do with the salary and expense account and construction account, which have a unity to themselves, finish with those, and then went on with the international organizations.

If you wish to do it differently, of course we are prepared to do that.

[The prepared statement of Mr. Selin follows:]

PREPARED STATEMENT OF IVAN SELIN

I appreciate the opportunity to appear before you today to discuss why the Department of State needs increases in the levels of authorization in a number of our accounts for fiscal year 1991. As you know, we also had several related urgent needs for additional authorizations in fiscal year 1990 which have been addressed separately and the resolution of which are currently pending before the Congress as the House/Senate conference works on the dire emergency supplemental for 1990.

THE POLICY CONTEXT

The world in which we now operate is different in very fundamental ways from the post-World War II era. Among the elements of change that are making enormous impact on the United States are the growth of economic power on the part of several of our allies, the dramatic changes in Eastern and Central Europe in combination with the potentially fundamental internal changes taking place within the Soviet Union, the emergence of transnational issues that demand policy attention and increasing resources, and advances in technology which have created new sets of international issues which must be addressed now.

To meet these challenges we need a longer term view in our program planning. The short-term planning syndrome traditionally has affected resource allocation in distinctly negative ways. We are now trying to take a longer view beyond the 1- to 2-year planning which is inherent in the Federal budget process at both ends of Pennsylvania Avenue.

One inherent difficulty in the timing of the Federal budget process is that requests must be formulated far in advance, using assumptions that may be changed by the workings of time. As a result we, on occasion, require adjustments. This is one of those times.

OUR NEED FOR REVISED AUTHORIZATION LEVELS

For example, the 1991 authorized funding levels in Public Law 101-246 were developed by Congress well before the President's 1991 budget was submitted. Therefore the Congress simply increased the 1990 authorized appropriations levels by a fixed percentage to allow for wage and price increases. However, because of the understandable difficulty we all face in accurately predicting out-year needs, and for other technical reasons, this authorization is not sufficient to cover the President's 1991 budget request.

Let me stress, however, that our current need for additional authorization is not "just a technicality." We absolutely need these changes to the authorization levels for fiscal year 1991 so that the funding process can work. As you know, because of a unique statute related to the State Department and USIA, without sufficient and timely authorization it is very difficult for the appropriations process to work. Last year, frankly, the process broke down and we are still struggling under the disastrous constraints of the continuing resolution-type levels caused by section 614. I have more to say about that later. But, in short, we cannot afford for the process to break down again. We need prompt action by the Congress to fully authorize our programs.

In addition, at the time you considered our 1991 authorization levels you did not have sufficient information to even estimate the additional amount we would need to reconstruct the NOB in Moscow. We can begin to remedy that today. Let me also alert you at this point that, given the pace and depth of change in Europe, we cannot rule out our eventually needing to seek some additional resources, over and above the President's request, in order to staff and operate our posts in the changing environment we face in fiscal year 1991.

After I discuss authorization needs in certain of our 1991 accounts and answer any questions you have, Assistant Secretary John Bolton will discuss our concerns about authorization shortfalls in the important international organizations, peacekeeping, and conferences accounts in greater detail.

THE ACCOUNTS

Overall, we need an additional $868 million in authorization to conform with the President's fiscal year 1991 budget.

● *Sec. 101(a) Salaries and Expenses. ($23 million).*—The revised authorization request brings the 1991 authorization level in line with the 1991 appropriations request for regular salaries and expenses which—among other changes—reflects a return to the 1989 method of billing other agencies for certain administrative costs at our missions overseas.

● *Sec. 101(b) Acquisition and Maintenance of Buildings Abroad. ($360 million).*—The revised authorization request includes $270 million for the Moscow new embassy office building project. The remaining $90 million requested for 1991 brings the authorization level in line with the 1991 appropriations request of $317.8 million in the President's budget. These issues are discussed in greater detail later in the statement.

● *Sec. 101(c) Emergencies in the Diplomatic and Consular Services. ($1.7 million).*—The increase in this request is partially based on the dramatic increase in unanticipated evacuations which occurred in 1989. We have no basis to believe that the level of emergency situations in 1991 will decrease. In addition, our request includes a proposal to fund the operation of a toll-free telephone line which will provide information on the welfare and whereabouts of American citizens abroad during times of crisis.

● *Sec. 101(d) Office of the Inspector General. ($1.5 million).*—The increase in fiscal year 1991 funding will provide for the use of independent certified public accounting firms to supplement limited OIG staff in the areas of financial audits, economy and efficiency audits, and critical followup work on previous audit recommendations to correct defined deficiencies.

● *Sec. 101(c) Payment to the American Institute in Taiwan. ($0.2 million).*—s a result of a change to the Taiwan Social Security Act, the American Institute in Taiwan is legally required to begin funding accrued liabilities for the Foreign National Retirement Program which covers Taiwanese employees. The amount for 1991 alone is over $600,000, which creates the need for additional authorization for this appropriation.

● *Sec. 102(a) and (b) Contributions to International Organizations and Contributions to International Peacekeeping Activities. ($473.9 million).*—Additional authorization is needed to cover the President's decision to seek, in 1991, appropriation to allow payment of all arrearages owed to these organizations. Assistant Secretary Bolton will address this in more detail.

● *Sec. 102(c) International Conferences and Contingencies. ($0.9 million).*—We need additional authorization to fund debts owed foreign governments for the U.S. portion of shared conference expenses and increased anticipated costs of expanded activities of the Conference on Security and Cooperation in Europe (CSCE). I should note, however, that as CSCE-related activities are likely to continue to grow, so too will pressures on this small account. We are considering a range of options for rectifying this problem which we hope to present to the Congress in the near future.

● *Sec. 104(a)(1) Migration and Refugee Assistance. $5.6million for 1991 (this is in addition to the $70 million sought in the Emergency Supplemental for 1990.*—The request brings 1991 authorization amount in line with the 1991 appropriations request.

● *Sec. 105(1) the U.S. Bilateral Science and Technology appropriations account ($0.8 million).*—The revised authorization request includes funding for a new agreement with Hungary as well as existing agreements with Yugoslavia and Poland.

We seek your support for these specific and carefully defined authorization increases so that we can implement our programs. With your indulgence I would like to provide some additional details on our major capital programs since these do account for much of our "discretionary funding" and because I sense there are continuing questions in Congress about our management record on these accounts. I realize that we have to continue to earn your support, especially as we ask you to authorize an additional $270 million so that we can reconstruct a secure chancery in Moscow, one of the administration's highest priorities.

OUR CAPITAL PROGRAM

The past 2 years, in congressional testimony Department officials have expressed their concern over the aging of our building inventory and the lack of systematic programming to provide both for new capital construction requirements and the maintenance and rehabilitation of our existing buildings. We have a large number of facilities abroad with building systems that have well passed the end of their useful life and need major overhaul or replacement. We also have a backlog of buildings overseas which need security upgrades.

We intend to make a serious, sustained effort to build, lease, maintain, secure, and rehabilitate our building inventory abroad in a responsible and well-managed approach based on realistic long-term planning. We know that this will require predictable resources over the coming year.

Since our buildings program overseas is such an important part of how we manage the funds you help make available to us, we must respond to these new

challenges with a fresh look at what we do and how we do it. The Department is exploring all opportunities for better managing current programs and identifying innovative approaches to funding our requirements. Today I would like to explain some reforms we have put in place over the past year and explore with you some ideas for resolving continuing property-related problems.

PROPERTY ISSUES—THE NEED FOR REFORM

After a year in this job I am now even more convinced property management issues are among the toughest in this business. This is perhaps because they are so hard and because the benefits from reform and penalties from mistakes don't show up for some years. On the other hand, all is not doom and gloom.

We are taking property issues seriously. If we can work together with the Congress and apply ourselves with persistence and diligence, I am sure we will see steady improvement across the board. Let me mention three specific courses which State Department management plans to pursue which, with the support of the Congress, can promote dramatic improvements in how we manage and implement our capital programs. These are:

- *Accountable leadership.*—I am committed to identifying skilled project managers and giving them clear authority over all relevant bureaus for their specific projects. Our goal is to make these project managers accountable for building secure, modern buildings on time and on budget.
- *Long-term priority planning.*—We are developing a comprehensive multiyear building plan which sets clear priorities for our projects. We plan to share this with the Congress so you can understand where we are heading, but it is also important that the planning process not be rigid. We must be able to respond to dramatic changes.
- *Flexible capital funding.*—Finally, we need to develop, with congressional support, sustained sources of long-term funding for our overseas capital program.

Mr. Chairman, to earn your committee's continuing support so that we can meet our long-term needs, we know that the State Department must demonstrate that our reforms are delivering the goods. Success in this field will also require innovative approaches to funding our overseas construction program. We are working actively with other elements within the administration, including OMB, on a plan we hope to include in our fiscal year 1992 budget request. Our goal is to achieve, with the help of this committee, a joint commitment to sustained funding levels for the construction program. Toward this end, we are considering a variety of options:

- One element, assuming we can convince the Congress to grant the necessary authority, would be to adopt multiyear contracting for new capital projects. This could help us match project funding to construction schedules, undertake more projects sooner, make better use of our fund balances, and minimize inflationary cost increases.
- Given significant appreciation in the value of our properties, we are exploring additional ways to finance construction including using, in carefully selected cases, the high value of selected overseas properties.

While these approaches can help, they will not by themselves provide the funding levels needed in the out-years: that will require your continuing help with the timely authorization of our annual appropriations.

FBO BUDGET REQUEST FOR FISCAL YEAR 1991

Therefore, in 1991, even constrained by a very tight budget and as we endeavor to better use our own resources, we know that we will need appropriations of $317.8 million—in addition to the Moscow building project—for our acquisition and maintenance of buildings abroad account. For that reason we seek your support for an additional authorization of $90 million for that account.

MOSCOW NOB

There is one request for additional authorization which I want to review with you in some detail—our urgent need to obtain congressional approval to construct a secure, new office building (NOB) in Moscow. This is an expensive program and a controversial one. But, as Secretary Baker has made clear in his testimony this spring in support of our fiscal year 1991 budget request, the administration attaches high priority to resolving this problem and obtaining secure, suitable working facilities in Moscow appropriate to the importance of the bilateral relationship and to the new opportunities and challenges we face in that part of the world.

In 1989 the Congress asked the new Bush administration to restudy the Moscow buildings issue. We have done so and now the administration, including the intelligence community, is united behind the tear down/rebuild decision.

I would like to reaffirm that the administration is actively and energetically seeking congressional support for its decision. From your committee we are seeking an authorization of $270 million so that we can seek appropriations to allow us to begin construction promptly. If we are allowed to move ahead promptly, it will still take some 65 months until we can occupy the building.

If we are not allowed to proceed soon and meet our proposed construction schedule, then it is certain that the price for completing this project will rise—though I can assure you that we are making every effort to control the cost of this project.

In February I notified key congressional committee chairmen that we planned to reprogram $2.0 million of unobligated balances originally appropriated for the construction of the Moscow Embassy compound to undertake partial design work. I explained why we believe it is important to move forward with the next stage of design efforts in parallel with our negotiations on related property issues. I also undertook to provide the committees with information needed to consider our proposal to dismantle and rebuild the NOB on its current foundations.

Mr. Chairman, I am sure you are aware that some Members of Congress are concerned that the dramatic internal changes taking place in the Soviet Union may so fundamentally affect United States Government space needs in Moscow, especially for public access space, that they question whether we should proceed at this time with our NOB plans.

We take these concerns seriously and, therefore, on April 20 I conveyed to you and to other key committee chairmen the results of an interagency review of space-need projections as well as other relevant information. In this context let me stress that we see the Moscow NOB as part of a comprehensive three-pronged program: secure space in the new NOB; retention of the EOB for public service use; and new buildings, in part on land which Ambassador Salgo is pursuing in his negotiations, for more housing and other future uses.

We are certain that whatever the nature of future changes, our needs for up-to-date, secure space in which to work on sensitive issues are clearly defined and will not be reduced.

It is also absolutely clear that the United States/Soviet relationship, while changing in many aspects, will remain a complicated and vitally important one. Therefore, we will face new opportunities and challenges which means we simply cannot afford to continue operating in Moscow under the severe physical constraints and very difficult working conditions caused by our current facilities.

Regarding those facilities, I must add that we are concerned that the short-term security and safety renovations made to the old embassy building, with the much-appreciated support of this committee, cannot be expected to suffice indefinitely. Nor do they provide anywhere near the secure space needed now—let alone in the period ahead.

Regarding our space needs, I can assure you that our plan will make it possible for us to meet our requirements for all major categories of space. The key is congressional action so that we can meet our most urgent need for hard-to-obtain secure space in the rebuilt NOB. Meanwhile, we are confident that the ongoing property talks should result in the acquisition of property to satisfy longer range needs, like increased housing, and should permit us to retain the ideally located existing old building for public service functions.

In our congressional consultations some Members have asked us repeatedly why can't we save the unfinished NOB for some useful purpose? We have looked at this option very seriously and have become convinced that this is the wrong question. It distracts us from such key questions as how to provide enough secure space, as soon as possible, at reasonable cost, and with minimum uncertainty.

Technology has evolved a great deal since we developed the NOB design in the early 1970's, making improvements possible in many areas. In addition, congressionally mandated physical and technical security standards have changed dramatically since it was designed.

Financially, our investment in the actual construction of the existing NOB—as opposed to studying, maintaining, and securing the unfinished hulk—is about $22 million. Our studies show that it would cost almost as much in additional funds to finish it off as usable unclassified space. For example, to leave the entire building standing while finishing the first four floors of the NOB in order to provide 48,000 square feet of unclassified office space would cost $17.5 million.

Other options, which would provide more space or which would involve reconfiguring the NOB to convert it into housing units or a public access facility, would

cost more. On the other hand, it will only cost $5 million to dismantle the building down to ground level so that we can build a proper office building on the existing foundations.

Therefore, we are convinced that it would be a false economy to try to "save" the NOB, especially since we should be able to build or procure unclassified space—whether for offices, housing, or public access facilities—more directly elsewhere in Moscow at less cost.

Meanwhile, we have very real operational security problems with trying to adapt the existing NOB for public use purposes; e.g., as a commercial or cultural center, since that would involve constant access by Soviet citizens and other third-country nationals to our new embassy complex. Moreover, agencies such as Commerce and USIA, with growing public access needs in Moscow, have told us very specifically that they do not want to use a reconfigured NOB for such purposes.

The good news is that the unfinished NOB is the best location for a secure United States Government office building in Moscow. When the NOB is dismantled we will already have in place foundations which can support the load for a full-size office building and a fully adequate utility network. In addition, we know how to make a building on that site secure.

On the other hand, building new secure facilities elsewhere in Moscow—even right next door—would greatly increase the cost, the time required for completion, and the uncertainty to which our construction effort would be subjected. Moreover, the same costly security measures and construction techniques that will be used for the tear down/rebuild option would also have to be employed in any type of new building on any site even a brand new one.

For all of these reasons we are convinced that it would be a mistake for U.S. agencies operationally and for the nation financially to pursue any of these other options. Frankly we are also concerned that to pursue these other options will just defer to the indefinite future any buildable decision which could provide our nation with urgently needed secure space in Moscow.

All the same, we are well aware that there is concern which, as a prudent manager, I share—about the $270 million price tag for this project. One of the reasons the cost seems so high is that, because of the unusual nature of this project and the thorough study backing up the decisionmaking process, we have been able to include so many cost factors in our forecast.

Included are expenses for many items which ordinarily are budgeted for separately. For example the $270 million figure includes a wide range of security-related costs as well as items related to the final finishing and furnishing of the property. Indeed, the thorough, all inclusive, and interagency approach we have taken makes us confident in our methodology and in our cost estimate.

On the other hand, if we are not allowed to meet our well-thought-out construction schedule, costs will continue to mount inexorably with each month's delay. For example, we know that until we begin construction it will continue to cost us more than $500,000 every month to maintain the unfinished new building, to provide security at the site, and to run the MEBCO operation in Washington and Moscow. We also conservatively estimate that more than $700,000 per month must be added to the ultimate cost of the building due to inflation.

In sum, I believe this is the most thoroughly prepared foreign building project we have ever submitted to the Congress. We think we have come up with the best possible decision for putting up the right building on the right site. I look forward to continuing to work with your committee and others so that we can proceed as soon as possible to provide up-to-date, secure space in Moscow. To that end, we seek your support for the authorization of $270 million for the construction of a new chancery in Moscow.

REPEAL OF SECTION 614

Before closing, I feel compelled to underline for the record the problems we face every day as section 614 continues to handcuff our operations. As you know, section 614 in effect restricts us in many accounts as if we were under a 1989 continuing resolution. This is both harmful and unfair for the State Department and USIA.

If section 614 is not repealed, the Department's infrastructure will continue to suffer real damage. Much of the work you have done to authorize our activities for fiscal years 1990 and 1991 will be limited or negated, and we will not be able to carry out important programs to increase the security and efficiency of our diplomatic establishments—including some of those for which we are seeking additional authorization today. In particular our ability to reprogram and adjust resources to

respond to opportunities and challenges in Eastern Europe and Central America are severely curtailed. We simply have no flexibility.

In particular section 614 has:

- *Slashed current operations.*—(30 percent hiring reduction, 5 percent across-the-board cuts). Our current Foreign Service intake is so low that it seriously impedes our ability to shift personnel to high priority areas such as Eastern Europe;
- *Our Inspector General's program* has been particularly hard hit since 614 slashes its funding levels by $3.3 million (17 percent). As a result, the IG has canceled or delayed almost all overseas audits and inspections the very core of the IG's ability to enhance accountability;
- *Forced us to defer programs meant to enhance the security* of our people, property, and information;
- *Delayed essential consular reforms* identified in the wake of the PanAm 103 bombing; and
- *Stopped work on most major infrastructure projects.*—Critical backup computer capacity; DOSTN (international telecommunications network); secure communications for small posts; the Machine Readable Visa Pilot Program, and the new Foreign Service Institute campus.

Section 614 also causes great harm to our international organization accounts and will push us almost $130 million deeper into arrears and could further erode our credibility within those organizations just when we are looking to them for help in Central America, Haiti, and Africa.

Finally, if 614 is not repealed, State could be over $500 million short in fiscal year 1991 because over $250 million has had to be deferred in fiscal year 1990. This would have a cascading negative effect in the out-years.

Against this background, let me stress that we welcome your support collectively and individually for efforts currently underway in the Congress to repeal section 614 of our 1990 appropriations bill. For example, your statements and votes on the night of April 26 to waive the Budget Act in order to repeal section 614 as part of the emergency supplemental were most appreciated. We are hopeful that the Congress will act soon and definitively to put these harmful restrictions behind us and that we can all work diligently to see that such dire choices are not forced upon us again this year.

Mr. Chairman, I would be pleased to answer any questions you might have now.

The CHAIRMAN. We will try to handle it in an organized way, but, as you know, Congress does not act always in an organized way. But I understand your suggestion.

I turn to the ranking minority member for any opening statement that he has, and then we would like to hear briefly from Mr. Bolton and then get into our questions.

Senator HELMS. Very well. I think we will have a rollcall vote. I had to stop downtown, Mr. Chairman.

When I looked at this request for another $868 million over the $3.8 billion that the President signed for a 2-year authorization back in February, I was reminded, Mr. Bolton, of a friend of mine who when he was a little boy told his mama: "I need a cookie." And she said: "Well, you do not need a cookie; you want a cookie."

And it is up to this committee to decide whether this is a need or a want.

In any case, this proposed additional increase of $868 million amounts to just about 22.7 percent, the way I figure it, and that is the wrong way to go in terms of budget for any agency, including the State Department.

Mr. Chairman, I thank you for scheduling this meeting. You did so, I think, at the request of a number of us, and you agreed to put off the markup until a hearing could be held at which time the State Department could make its request formally and in public. And I thank you again for doing that.

In any case, I think it is vital to find out why the State Department needs so much more so soon. Have emergencies occurred that

require such a huge increase in so short a time? Bear in mind that this was February 16, I believe it was, Mr. Bush signed that 2-year authorization for $3.8 billion.

Could it have been that this committee was ungenerous just a few months ago? The Federal Government's endless appetite for more tax dollars means that spending is never going to be decreased voluntarily around this place, voluntarily. This is not only true with Foggy Bottom; it is true with every agency of the Federal Government.

I just wonder if there is any urgent need to inflate the State Department's budget by 22.7 percent, and I raise that question on behalf of Senators not on this committee who have equal concerns?

The largest chunk of the increase is $474.8 million for international organizations, that is to say the United Nations, and I think you gentlemen understand, and lady, how a great many Senators feel about that. This is 54.7 percent of the new authorization that is being requested by the State Department.

At this moment I am convinced that none of these arrearages, as they are called, should be paid, not a single nickel, and I think there are other Senators who think the same way and who are prepared to talk about it for a while when this matter gets to the floor.

The second largest portion of the State Department request is $270 million to build a safe, secure embassy building in Moscow, in other words cover its rear end after having blown it the first time around in terms of a new embassy. After dragging its feet for nearly 3 years, the State Department, at the insistence of Secretary Baker, has finally decided that there is no alternative to a new chancery building on the same site in Moscow.

That is what some of us have been saying in terms of the new chancery building. I am not completely convinced that it should be on the same site, but that is neither here nor there at the moment. I support the need for a secure building and strict enforcement of the other provisions of the 1987 law.

But let us not forget, Mr. Chairman, that the State Department was amazingly lax, amazingly lax, during the construction of that chancery building, permitting the Soviets to salt the new building with bugs. It makes sense for this new building to be paid for by the Soviet Union, not by the American taxpayers.

If that is not possible, the responsible course might be for the State Department to reprogram at least some of its current funds for that purpose.

So, again, Mr. Chairman, I thank you for responding favorably to my request for this hearing, and these State Department officials are present as witnesses, and on behalf of the American people who fear higher taxes in order to pay for State Department whims. I think the committee ought to ask some firm questions and insist on responsive answers.

I thank the Chair.

The CHAIRMAN. Thank you very much.

We will now return to the panel and hear a brief statement from Secretary Bolton, and then we will get into questions and answers.

STATEMENT OF HON. JOHN R. BOLTON, ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL ORGANIZATION AFFAIRS

Mr. BOLTON. Thank you, Mr. Chairman.

I too have a longer statement which I would ask be included in the record.

The CHAIRMAN. Yours and Mr. Selin's statement will both be inserted in the record in full.

Mr. BOLTON. Thank you very much, Mr. Chairman.

The Bush administration is pursuing four specific initiatives which will further America's national interests in the United Nations. The first is to reestablish the credibility of the United Nations by encouraging more responsible positions on the part of the U.N.'s membership. We have seen in recent years a spirit of pragmatism and depoliticization replace the atmosphere of sterile rhetoric and confrontation in the U.N.'s preeminent forums, the General Assembly and the Security Council.

Our second goal is to strengthen the U.N.'s efforts in promoting international peace and security. The United Nations' successful role in helping to bring about the withdrawal of Soviet forces from Afghanistan, in helping arrange and police a ceasefire between Iran and Iraq, and in overseeing Namibia's transition to independence, and in monitoring the holding of free elections in Nicaragua have strengthened the argument that the United Nations can uniquely provide a mechanism for international cooperation and keeping the peace in ways that directly benefit U.S. national interests.

Third, we have adopted a conceptual approach known as the unitary U.N. in our diplomacy with the U.N. system. The unitary U.N. approach enables us to focus on eliminating duplication and overlap within the vast and complex bureaucracy of the U.N. and its specialized agencies. It also helps ensure a coordinated approach by the U.S. Government to the U.N. system.

The fourth goal, Mr. Chairman, is one in which Congress shares joint responsibility. We must reestablish America's reputation as a credible and responsible player at the United Nations. It is one thing to contemplate withdrawal or reduced financial participation in order to signal overwhelming displeasure with an organization. It is another to hold back when the agencies have become responsive.

I can assure the committee that this administration will take every prudent measure to assure that U.S. taxpayers' money will be spent effectively in efficiently run organizations.

Mr. Chairman, we are very appreciative that this committee and the Congress authorized the full initial level required for fiscal years 1990 and 1991, which included funds for partial payment of the arrearages we owe to international organizations.

Underlining his commitment to honoring U.S. financial commitments, the President himself personally decided to seek in fiscal year 1991 appropriation of all arrearages owed to international organizations, including peacekeeping, and arrearages and increased anticipated costs of the expanded activities of the Conference on Security and Cooperation in Europe.

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To do so, as you have noted, requires an authorization increase of approximately $475 million to be consistent with the level of funding proposed for the three accounts in the international organizations and conference segment of the President's fiscal year 1991 budget.

Mr. Chairman, with respect to the arrearages I want to stress that our pian is to make the actual outlays of the arrearages over a 5-year period at the rate of 20 percent per year. But it was the President's decision that, rather than seek authorization and appropriation five separate times over a 5-year period, that it would make the most sense to do it once and then limit the outlays to a rate of 20 percent per year for 5 years.

We talk a lot in the budget process about the President's request for this and the President's request for that and the President's request for the other thing. This is one of those situations where the President himself personally decided that he wanted to take this approach, and I hope the committee will be supportive.

I would say that, in response to Senator Helms' question in his opening remarks, because I think it is an important question to answer, that we do have very strong reasons for seeking this authorization request. Last year, over the course of the past year, as this committee is well aware, the Palestine Liberation Organization has made a concerted effort to seek membership as a member state in the U.N. system. It has tried a number of other things in connection with that campaign as well.

In every circumstance, we have been successful in resisting the PLO's efforts, for one major reason: the statement that Secretary Baker made on May 1 last year that he would recommend to the President that the United States cut off funding for any organization which did admit the PLO, which helped us at the World Health Assembly last year, and then Congress' efforts in two separate statutes enacted since then that would also have the effect of automatically cutting off our funds to any organization which admitted the PLO as a member state.

So, the result is that we used our financial leverage and we obtained the result that we desire. And I think that now, having used that leverage, it is time to come up with both the full assessed contributions and the arrearages.

The second reason, Mr. Chairman, has to do with the comparative position of the United States and the Soviet Union in arrearages to the U.N. system. We have found over the course of the past year that the Soviets are not at all hesitant to explain to other member governments that they are paying their arrearages off and the United States is not.

I have two charts here which I would just like to show you briefly if I could, Mr. Chairman.

[Chart.]

This is a graph, and we have copies of this attached to the prepared statement, showing the comparative arrearage situation of the Soviet Union and the United States in the two key accounts, the peacekeeping account and the contributions to international organizations.

You can see here, just 5 years ago in the peacekeeping account the Soviet Union had arrearages of approximately $187 million and

we had arrearages of just over $30 million. Today, by contrast our arrearages are almost $153 million in peacekeeping and the Soviets, through a recent payment made at the end of last year, are now just over $125 million. So, that in 5 years we have gone from a relatively small amount of arrearages to greater than the Soviet Union.

In the contributions to the regular budget, from a position here where our arrearages were just over $37 million in 1985 and the Soviet Union was $48.5 million, our arrearages as of December 31 were $365 million and the Soviets were down to $3.8 million.

What that shows as a percentage of total arrearages is that the United States is responsible for over 57 of the total arrearages within the U.N. system, whereas the Soviets are responsible for only 14 percent. It is very dramatic in the regular budget, where the United States share of the arrearages is almost 80 percent and the Soviets is less than one-tenth of 1 percent.

Senator HELMS. John, have you got a chart showing how much the Soviets pay in dues and how much the United States pays in dues?

Mr. BOLTON. The Soviets pay approximately 12 percent of the assessed contribution to the U.N. system, when you add the Ukraine and Byelorussia and add the three of them together. We pay approximately 25 percent in most U.N. agencies.

[Chart.]

This is the chart on peacekeeping, which reflects that the Soviets now have a smaller share of the total arrearages than we do.

Mr. Chairman, the purpose of repaying the arrearages is to ensure that the United States can regain the leading role that Secretary Baker and the President want us to have there. As I noted a moment ago, I can assure the committee that we will take every step possible to monitor what the additional funds are spent on.

We intend to enter into agreements with the respective U.N. agencies to ensure that the financial discipline that we have been attempting to instill in the U.N. system is not broken when the arrearages are paid.

But this was one of President Bush's first acts as President. He feels strongly about it personally. He is committed to seeing the United States honor its financial commitments to the United Nations, and this budget reflects his personal decision in that regard.

And I hope, Mr. Chairman, that the committee will authorize the amounts requested, and with Secretary Selin I am more than happy to answer the committee's questions.

[The prepared statement of Mr. Bolton follows:]

PREPARED STATEMENT OF JOHN R. BOLTON

It is a pleasure to appear before you today in support of the President's fiscal year 1991 request for an increase in authorization for United States contributions to international organizations. Contributions for international peacekeeping activities and international conferences and contingencies.

This administration is strongly committed to restoring financial stability and honoring U.S. obligations to international organizations. The President's fiscal year 1991 budget request affirms this commitment and assigns priority to an area which this administration considers to be a major element of U.S. foreign policy.

I know that you. Mr. Chairman. and the other members of the committee are acutely conscious of the magnitude of this request. And the increase it represents compared to the level approved for last year. I assure you that the President and

the Secretary are aware of the problems presented by such a major budget request in view of all the other important needs. Both foreign and domestic. To be addressed in this extremely difficult budget period. Indeed, the magnitude of this request clearly indicates the seriousness of the President's personal commitment to meeting U.S. financial obligations to international organizations, and how important he believes effective multilateral institutions have become for serving critical U.S. national interests.

I. NEW INITIATIVES

I would like to discuss today, four specific initiatives that we are pursuing to strengthen America's interests within the U.N. system.

—The first is to reestablish a new sense of responsibility in the United Nations. For too long, the U.N. has been a hollow debating society, where countries ritualistically engaged in rhetorical attacks on the United States and Western values, but had little impact on developments in the real world. These rhetorical excesses now are being wrung out slowly: the challenge for us and all member states is to remold the U.N. to galvanize it into action in areas that are important to every one of us, in our daily lives. Critical transnational issues—narcotics, the environment, terrorism—all affect each of us: all are issues that cry out for multilateral cooperation; all will demand hard work and resources.

—The second goal is to strengthen U.N. efforts to promote international peace and security, by strengthening its peacekeeping functions and encouraging more active use of the Secretary General's good offices responsibility. Tangible examples of U.N. support for U.S. strategic goals already are apparent to us. In Central America, the Middle east, and Asia, U.N. military and civilian peacekeepers are helping to limit the risk of military conflagrations that directly imperil U.S. strategic interests.

—Third, we have created an entirely new way of conducting our diplomatic efforts within the U.N. system—an approach to what we call the "unitary U.N." The concept of the unitary U.N. provides us with a new basis to deal coherently with the U.N. system on both policy and budgetary grounds. Rather than potentially overlapping and conflicting dealings by our Government with the many components of the U.N. system, we are now implementing this comprehensive approach to managing our diplomacy in international organizations. As we progress with the unitary U.N. concept, we believe that we can make the entire U.N. system more rationally organized, more cost effective, and more responsive to the interests of the United States and other members. Moreover, by adhering to the original intent underlying the creation of each U.N. component, we should achieve not only budgetary savings but also create a greater sense of political responsibility among member governments and secretariats.

—The fourth goal is one, Mr. Chairman, where the Congress has shared responsibility. We must reestablish America's image as a credible, reliable participant in international organizations. We must meet our financial obligations when they are due, and begin as well repayment of the $620 million in regular budget and peacekeeping arrearages we owe. Unless we do, our participation in the U.N. and other international organizations will lack credibility, and our ability to get support from other members for our goals and interests will be limited.

A. TOWARD U.N. RESPONSIBILITY

Turning to the first goal, there is much room for encouragement. Voting patterns in the U.N. are becoming less bound by old ideological ties. Last year we saw a decline in bloc voting patterns and on questions important to us, other countries' voting coincidence (including consensus votes) was 54.9 percent. Particularly significant was the abstention by the Soviet Union and Eastern European countries on the Arab challenge to Israel's credentials. The nonaligned split on the United States-sponsored resolution on Cuba at the Human Rights Commission, and most significantly Czechoslovakia and Poland cosponsored the resolution. Hungary and Bulgaria voted in favor, as did five NAM countries. Only 7 of the 24 UNHRC member NAM countries supported Cuba.

Last December's special session on apartheid was also revealing, as the Assembly adopted by consensus a resolution stressing the need for negotiated change in South Africa. In eschewing initial frontline state calls for new sanctions, we hope the Assembly was signaling a more constructive and rational approach to dialog on South Africa, and an awareness that fundamental changes are underway there that must not be untracked by irresponsible international posturing.

Perhaps most significant, however, at the General Assembly last fall, was the decision by the United States and Soviet Union to cosponsor a joint resolution on international peace, security and international cooperation. This joint resolution—the first ever in the 45-year history of the United Nations—reflects major changes in United States-Soviet bilateral relations. This resolution made clear that the decades old East-West deadlock at the U.N. is being broken, and that together we would be able to work in areas of mutual advantage—including peacekeeping, as in Namibia and Nicaragua, and management reform, as with the U.N. budget and increased systemwide coordination.

United States-Soviet cooperation at the U.N. means that other governments will not have the luxury of hiding behind one or the other great powers. At the General Assembly last fall, we had strong Soviet support in the Fifth Committee to hold to the consensus budget procedures and to adopt a budget at the level agreed the year previous. In the Security Council, the Soviet Union supported the other Permanent Five members in fending off efforts to diverge from the Namibia agreement, and in the General Assembly last fall, the Soviets were a major factor in defeat of the PLO effort to enhance its status at the U.N. in the economic field also, the United Nations is beginning to move away from the confrontational North-South rhetoric. While there is certainly room to question the value or relevance of past U.N. "contributions" to rational economic debate, we hope that there is today great scope for practical, constructive, multilateral measures to improve the world's economic and physical environment, and some hope that that potential is now being realized.

Merely as one example, last fall, with support and encouragement from Members of Congress, the United States cosponsored a General Assembly resolution so curtail the ruinous practice of driftnet fishing on the high seas. This resolution, to which the major driftnet fishing nations eventually consented after intense negotiations, calls for a halt to further expansion of such activities and a specific timetable for joint scientific studies leading, if necessary, to moratoria on driftnet fishing around the world within the next 2 years. The end result will be a more effective conservation of living marine resources, and a better livelihood for American fishermen and their counterparts in other countries who continue to fish using environmentally safe methods.

I wish I could report only success in the U.N., but there are still problems. For example the Security Council examination of our actions in Panama, and the subsequent General Assembly resolution were disappointing, even though less than one-half of the international community joined in this criticism of our action. Nevertheless, there appeared among many to be a fundamental unwillingness to confront the reality of the Noriega regime, and his wholesale violations of human rights.

B. STRENGTHEN U.N. PEACEKEEPING

Our second initiative, Mr. Chairman, is U.N. peacekeeping. Over the past 3 years, this is an area where U.N. activity has had important implications for the United States, and I want for a moment to look at several of the regional conflicts where the U.N. is active to point up how we do benefit. Moreover, I want to stress that "peacekeeping" is a term that now covers a broad range of U.N. activities undreamed of even a decade ago, going beyond traditional military roles in ways that dramatically advance American foreign policy interests.

This past March, Namibia—Africa's last colony—became independent thanks to an ambitious negotiating effort by the United States in the context of a U.N. peace plan developed over a decade ago. I was in Namibia for the constituent assembly elections in November and I can assure you the U.N. forces, civilian and military, did a stellar job helping to guide the transition to independence. U.N. police and military monitors patrolled the length and breadth of Namibia, reassuring a wary public that the electoral process would be conducted according to the highest standards and that their votes would be kept secret. During the election throughout the territory, I saw the U.N. patrolling the roads, and watching every polling station in the country, in cities, in tents up country, and mobile stations in the bush. U.N. mediation of the electoral laws and a U.N.-sponsored electoral code of conduct were major factors in ensuring a fair campaign and the cleanest election day practices I have ever seen.

The U.N. success in Namibia has implications that go far beyond that territory, although the strategic importance of Namibia would be justification enough. I believe the U.N.'s success, and the ability of the international community to stick with the accords so painfully negotiated, have reassured South Africa and facilitated the movement away from apartheid now underway.

Twenty months ago, the war between Iran and Iraq posed a threat to the countries of the Persian Gulf, as well as the West's access to vital petroleum resources in the region. Several dozen U.S. naval units and over 10,000 sailors were on station with the navies of four allies to patrol the trade routes and ensure that the war did not spill onto the gulf peninsula. Today a U.N. peacekeeping force separates the two sides, and the Secretary General has a personal representative who meets regularly with the sides seeking ways to formalize the ceasefire, and move to a permanent peace agreement. The U.S. share of UNIIMOG's expenses are estimated at $20.5 million for the next year. Were the Navy forced to redeploy, U.S. servicemen would once again be sailing in harm's way, their lives at risk, and the cost would be multiples of that amount.

The demonstrated effect of U.N. prowess in monitoring elections also has had implications in our own hemisphere. In concert with the OAS and private observer groups, the U.N. presence in Nicaragua was an essential factor in maintaining pressure on the Sandinistas to hold free elections, and accept the outcome. The Vice President, the Secretary of State, and many others of us at the Department met repeatedly with U.N. representatives prior to the Nicaraguan election, and we believe American interests were well served by the presence of international observers.

In Central America, the U.N. through its presence has given assurance to all parties that the agreement reached last year by the five Central American presidents would enjoy impartial international oversight. The role of the U.N. along with the OAS in this region has allowed the Nicaraguan people to select their government freely for the first time in over 50 years, and has also made possible a genuine relaxation of tensions in an area of vital strategic importance to the United States. The U.N. and the OAS have been directly involved in insuring a peaceful transition between governments in Nicaragua and are now key to the effort to help the Nicaraguan resistance reintegrate into the national life of their country. ONUCA also has a vital role to play in ensuring arms shipments to insurgent groups like the FMLN are halted, an Esquipulas demand.

Such ambitious U.N. activity would have been impossible had there not been a relaxation in tensions between the United States and the Soviet Union. The easing of these tensions, however, means we can hope to see U.N. activity in additional areas where bilateral activity is inconvenient or impractical. For instance, the United States and the Soviet Union have urged a more active role by the Secretary General in organizing the movement of relief supplies in Ethiopia, notwithstanding the continuing civil war. In Afghanistan, we are supporting continuing efforts by the Secretary General to explore possibilities for a political settlement, even as we pursue our own bilateral efforts. Finally. the Permanent Members of the Security Council are now exploring prospects for a U.N. role in resolving the longstanding conflict in Cambodia. This would constitute a challenge far beyond anything the U.N. has done, in terms of resources and organizational difficulties. We are uncertain about the degree of commitment among the conflicting parties to a peaceful settlement under U.N. auspices and their cooperation is essential. We have turned to the U.N. because the likely result of continuing conflict, Khmer Rouge reassertion of control, is unpalatable to us in this administration and, I believe, to the American people.

C. THE "UNITARY U.N."

The concept of the unitary U.N. means we seek to reassert the original intent underlying the creation of each U.N. component. We aim not only for budgetary savings but also to create a greater sense among member governments and secretariats that more efficient use of resources already available can enable us to focus significant new resources on areas of priority concern.

In February Secretary Baker went to the Narcotics Special Session of the General Assembly to underscore U.S. concern for concerted U.N. action in the drug area. This is a major priority for us. Because of the importance of this issue, we plan to make efforts to address illegal narcotics problems a showcase of our unitary U.N. diplomacy. The Secretary has indicated that our priorities must be ordered "in such a way as to accomplish our aims within the framework of a unitary approach to the entire U.N. system, and through zero real program growth in budgets." We are also seeking to improve our knowledge of internal U.N. developments and to create a central place where members and secretariat senior officials can review program activities across the system, and highlight areas where more effective use of resources is possible.

By zero real growth, we do not mean that all programs and all budgets must be frozen. What we do mean is that, for the system as a whole, and generally for

agency budgets, we will support shifting funds away, for instance, from gloated headquarters staffs to the field, and away from repetitive conferences and nonessential publications to focused research and project activity in high priority areas like drugs or terrorism. In my talks with my counterparts I have found enormous sympathy for the proposition that we must continue to exercise rigorous financial discipline throughout the U.N. system, while consolidating and streamlining programs to eliminate duplication.

In the environmental area, strong new actions are being taken throughout the U.N. system. In February, the new Intergovernmental Panel on Climate Change (IPCC) met in Washington to advance attention to this vital issue. President Bush addressed that meeting to ensure full awareness of the seriousness which the U.S. Government accords environmental issues. The U.N. Environment Program (UNEP) and the World Meteorological Organization (WMO), which service the panel, are pursuing environmental issues in other areas. We are seeking to strengthen the U.N. machinery we now have, rather than create new agencies and programs in the environment field, and we will continue to prune away duplication that wastes money that could otherwise be spent for focused program activities.

Significant developments have occurred also in other international organizations where we are seeking to impose discipline and coordination in support of America's foreign policy goals.

—The International Civil Aviation Organization (ICAO) is working on a new convention to ensure that plastic explosives are detectable in airport screening mechanisms. The initiative for this convention is an outcome of the PanAm 103 disaster in December 1988. Another is the establishment of an ICAO action program, at the initiative of the United States and UK Governments, aimed at detection and prevention of acts of terrorism involving civil aircraft.

—The International Atomic Energy Agency (IAEA), through its safeguards and promotional activities, continues to serve critical U.S. national security interests in preventing the spread of nuclear weapons and in fostering the peaceful and safe utilization of atomic energy. In addition, in light of growing concerns about the environment, the IAEA has devoted increased attention to the potential contribution of nuclear energy in addressing global environmental problems.

—The International Maritime Organization (IMO) is now working on a new international response and preparedness convention for catastrophic oil spills. This results from the U.S. Presidential initiative at the Economic Summit Conference in July 1989, following the Exxon *Valdez* oilspill.

—Developing nations and countries in Eastern Europe are increasingly interested in privatizing state and parastatal institutions and industries, and the United Nations Industrial Development Organization is increasingly a source for project design, assistance, and implementation in this area.

—The World Meteorological Organization (WMO), through major programs on weather, climate, and water resources, and the coordination of members' research efforts, serves vital U.S. interests, as well as a wide variety of human needs which depend upon the timely and accurate exchange of meteorological information.

—The World Health Organization (WHO) continues its outstanding work in combating the global pandemic of aids. It is progressing toward the eradication of polio by the year 2000 and is showing success in promoting actions by developing nations to increase implementation of preventive health practices—such as immunizations, breastfeeding, and safe water and sanitation—that over time will greatly reduce the incidence of disease and death.

—The International Labor Organization (ILO) has been one of the most responsive agencies in the U.N. system regarding events unfolding in Eastern Europe and the Soviet Union. ILO officials have visited practically all Eastern European countries. ILO experts have worked closely with the U.S.S.R. State Committee for Labor and Social Affairs and with the Supreme Soviet Committee for Legislation, Legality and Law and Order Issues, in examining and providing commentary on the Soviet draft law on the settlement of collective labor disputes. They have provided commentaries on draft pension legislation. Consultations are underway on statistics, price reform, and occupational classifications. Assistance is underway in Poland on the strengthening of employment services, reorganization of social security, and the reform of labor legislation. In Hungary, efforts are focused on small- and medium-sized enterprises, unemployment insurance, and vocational training.

D. PAYING OUR BILLS

As this committee knows, President Reagan, in the last year of his administration, formulated a 6-year plan for the payment of U.S. overdue contributions. Then

Vice President Bush fully supported this initiative, saying at the time, "I welcome the President's wise decision to have the United States develop a program through which its outstanding dues to the U.N. will be paid. This decision, which I fully support, comes in recognition of the fact that the U.N. has undertaken much-needed fiscal reforms and has also embarked on a series of peacekeeping efforts." After his inauguration, President Bush reaffirmed support for the arrearage payment plan in his proposed fiscal year 1990 budget. For various reasons familiar to this committee, no arrearage payments were appropriated for fiscal year 1990.

Nevertheless, President bush personally decided to continue to seek full payment of U.S. arrearages over a 5-year period starting with fiscal year 1991. It is critically important to our foreign policy interests that we fully fund our current assessed obligations and begin paying our arrearages. The United States and the Soviet Union have traded places as the governments with the largest arrearages. even with all of its current economic difficulties, the Soviet Union, as recently as last December made a further payment of $47 million, reducing its total arrearages to $129 million. By contrast, as the charts attached to this written testimony show, U.S. arrearages to the U.N. alone through December 1989 increased to $517.8 million.

Mr. Chairman, we need to demonstrate decisively that President Bush's decision to pay American overdue debts was farsighted and correct. We cannot afford to let the opportunities we now have in the U.N. and other international organizations slip from our grasp, which will be the case if we continue as the largest financial debtor in the United Nations and other international organizations. The Secretary has noted that "these commitments that we make to multilateral organizations are solemn commitments of the United States made by the executive branch in full consultation with the Congress, and we really ought to try and keep these commitments instead of being accused on occasions of being the international deadbeat."

How ironic, Mr. Chairman, that a declining U.S.S.R. can enhance its role within the U.N. system at precisely the same time that the United States risks decades of leadership by failing to pay its bills. I can assure the committee that the United States will take strong measures to ensure that any arrearages which are authorized and appropriated are used in worthwhile ways. We are determined that there be no backsliding in the reform efforts, and that bureaucracies and programs do not once again grow uncontrollably.

During this past year, one of our most significant accomplishments was defeating, again and again, the PLO's efforts to obtain membership as a "state" in several U.N. organizations. All parts of the Bureau for International Organization Affairs worked hard on this effort, strongly backed by Secretary Baker.

Last week the World Health Assembly again took up the application, deferred from last year, of the PLO for membership in the WHO as the "state of Palestine," and agreed by consensus that the application should be indefinitely deferred. We believe that this issue, as far as WHO is concerned, is now put to rest. We will continue to oppose any alteration of the status of the PLO in any organization as necessary. A potent part of our arsenal for this fight is the legislation passed by Congress requiring a curtailment of U.S. funds, assessed or voluntary, for any U.N. body or agency that allows the PLO to carry out this travesty.

Both Houses of Congress were virtually unanimous in support of the administration's efforts to blunt the PLO's strategy in these international organizations. The fact is, however, that our efforts worked, and the PLO was defeated. We deeply appreciated the strong and unyielding backing of both Houses of Congress on this issue.

Now the time has come for the United States—for both the executive and the legislative branches—to make good on what was implicit in our anti-PLO strategy: we should pay our bills. It is one thing to contemplate withdrawal or reduced financial participation in order to signal overwhelming displeasure with an organization. It is quite another, when agencies have been responsive to our concerns and heeded our calls for reform, to impose significant financial hardships for no reason other than to cite domestic budget considerations. U.S. credibility and prestige in the international forums are at stake. Priorities must be established and the President has done so with his fiscal year 1991 budget submission.

Over the past several years, the administration and the Congress, working together, have turned to advantage the severe financial constraints being experienced in Washington by using financial leverage to achieve significant administrative and budgetary reforms in the U.N. and other international organizations. I am pleased to report that the United Nations last autumn completed its first cycle under the new budgetary reforms with consensus adoption of the 1990–91 U.N. budget which contained negative real growth. This has been the case last year with most agencies of the U.N. system. The success of our reform efforts was predicated on the assump-

tion by others that, once the reforms were enacted, the United States would resume full payment of assessments and begin to eliminate past arrearages. Unless we do so Mr. Chairman, our allies will perceive our actions as an abandonment of our interest in reform. We will be seen as betraying the support given us in seeking reform, in advancing programs and activities in our interest, and in deflecting efforts objectionable to us such as enhancing the status of the PLO.

II. FUNDING REQUESTS

Mr. Chairman, we are very appreciative that this committee and the Congress authorized the full amount of our fiscal year 1991 estimated appropriation request which included funds for partial payment of the arrearages we owed to international organizations. The President has decided to seek in fiscal year 1991 appropriation of all arrearages owed to international organizations, including peacekeeping as well as to seek arrearages and increased anticipated costs of expanded activities of the Conference on Security and Cooperation in Europe. To do so requires an authorization increase of $474,804,000 to be consistent with the levels of funding proposed for the three accounts in the international organizations and conferences segment of the President's fiscal year 1991 budget request as follows: Contributions to international organizations, $341,481,000; contributions for international peacekeeping activities, $132,423,000; and international conferences and contingencies, $900,000.

We are well on our way to facing the challenges ahead for the 1990's. But we must turn potential into reality. This requires a demonstrated commitment which means that we must put our full weight behind our active participation in international organizations, both political and financial.

Mr. Chairman, that concludes my prepared statement. I will be pleased to answer any questions you or the committee may have.

U.S. SHARE OF TOTAL U.N. ARREARS IN MILLIONS OF U.S. DOLLARS *(as of Dec. 31, 1989)*

Total arrears.—United States, $517.8, 57.2 percent; Soviets, $129.0, 14.2 percent; and Others, $285.5, 28.6 percent.

Regular budget.—United States, $365.1, 79.2 percent; Soviets, $3.8, 0.1 percent; and Others, $92.3, 20.0 percent.

Peacekeeping.—United States, $152.7, 33.6 percent; Soviets, $127.2, 27.6 percent; and Others, $176.1, 38.8 percent.

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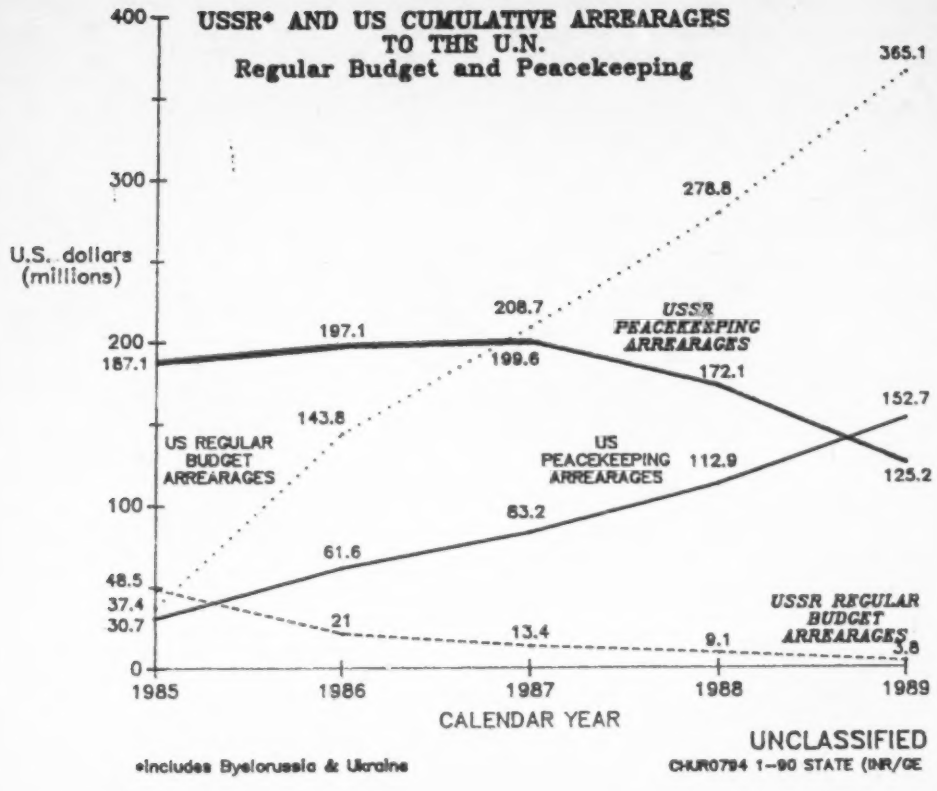

The CHAIRMAN. Thank you very much indeed. We get now to the meat of the hearing, which is the questions and answers, that stimulates us all the most, I think, and informs us. And I would suggest that we be on the 10-minute rule, and we can go around and around as necessary. I will start out, if I may, with a couple of questions——

Senator SIMON. Mr. Chairman.

The CHAIRMAN. Senator Simon.

Senator SIMON. Unfortunately, I am not going to be able to stay. If my colleagues would just yield for 1 minute for an observation.

The CHAIRMAN. Certainly.

Senator SIMON. First, with all due respect to my friend from North Carolina, I differ completely on the U.N. arrearages.

Senator HELMS. Which is no novelty on any subject.

Senator SIMON. But I share the Senator from North Carolina's unease on the Moscow building situation, and I think we ought to be exploring other options before we tear down a building and build something else.

Dwayne Andreas of ADM has suggested using it as a trade center. Or turn that building over to the Soviets so they can listen to themselves and trade for another building. Maybe we can get a whole new embassy complex out near the Ambassador's residence at Spaso House.

I do not know what the other options are, but it seems to me we have found an awfully expensive option in tearing down this whole

thing and building another building. I do not know. I simply express that, Mr. Chairman. I would hope that the State Department would take another good hard look to see if we cannot figure out a better answer.

Mr. SELIN. I wonder if I might have a chance.

The CHAIRMAN. Please.

Mr. SELIN. We have looked at these options, Senator Simon. We have looked at building a new building, a comparable building on a new site. We have looked at building a smaller annex on a new site. The record is not short of options and alternatives. The record is short of action.

The second point you make, getting rid of the current building is no problem also. We have plenty of people who would like the current building. The problem is to build a classified chancery.

We have done the studies. The staff has been up to brief the Foreign Relations Committee staff on the alternatives. I really think, as the chairman said, it is time to make a decision. We have been dragging our feet collectively for 3 years since this came up.

I have talked to Mr. Andreas. That building, they would be willing to pay some amount for that building. It is in the middle of an American complex. To have businessmen and Soviets coming in and out of that complex in an unrestricted fashion is not a real solution.

There are plenty of ways to solve our needs for unclassified space. The question is how can we get an unclassified chancery built as quickly as possible. We have two good things in that building and only two good things: we have a solid foundation, we have a good location. And to reproduce those two things would take about 3 years and probably an additional $50 million over building a building on that site.

I am probably twice as dismayed as you are at the thought of tearing down a reasonably good building and building another one from scratch. But I spent—today is my first anniversary in this job, and I have spent more time in this project in this last year than anything else.

Senator SIMON. Have you looked at the possibility, like out around the Ambassador's residence there, which is not a bad location, around Spaso House?

Mr. SELIN. No, we have the good locations available. For instance, Ambassador Salgo is pretty well on the way to getting us access to the space between the NOB and the EOB, where the so-called Change Building is.

The problem is that in order to build a large chancery on a new site, we first of all have to have authorization and appropriation. We need physical control of the site. We then have to go start doing the assays and the borings and the drills to find just what kind of swamp we have under us. We need construction permission.

We then have to pour and build a new foundation. We have to build controls around, a wall and control of the space. By the time you do all of that, you have wasted, compared to the alternative, wasted close to 3 years, and you have then built the makings of two very large buildings.

It is about a $270 million versus a $320 million program, $320 million to build a building on a new site and finishing off the old

building for unclassified space. And even more than that, even if the decision were made today, it is at least 2 to 2½, probably 3 years extra time to start from scratch. Having the site, having the foundation, having all the access roads, having the walls built around, is an incredible step up in terms of the time spent to get there.

I guess I sound a little naive to say that I am burning with impatience to get something built which is going to take us 5 years under optimum conditions, but to keep our people working in the current building, in the current conditions, any longer than we have to I think is a huge price to pay.

The chairman said it is time to make a decision and get on. Nobody is very happy with this. I am not very happy with this. I think when I finish with your committee, sir, I will go defend the savings and loan program someplace, someplace else. This is good practice in trying to clean up something that we inherited.

But it is time to cut our losses, get on, build a building, and then have more productive dealings with yourselves and with the Soviets, which is why we are asking for the entire authorization, instead of just the first year piece.

Senator SIMON. We thank you.

Mr. SELIN. Thank you, sir.

Senator SIMON. We have a vote on over in the Senate and we will stand in recess for a short time.

[A brief recess was taken.]

The CHAIRMAN. The committee will come to order. I apologize for the interruption from the rollcall votes. I do not think we will have another one for a while.

I would like to follow up the line of questioning that Senator Simon opened up with, and that is concerning the new building. I would like to ask, If the United States acquires new land, which I understand is under consideration, between the present chancery and the new chancery, would it be feasible to build a small classified building on that land and to finish the current chancery for the greatly expanded unclassified work?

I say this as one who, just like you, Mr. Selin, has been there, twice actually, seen some of the devices that were found—not some, a couple.

What would the reason be for not following this, what would appear to me, logical course?

Mr. SELIN. First of all, we are counting on getting the land between the old and the new building even if we are permitted to go ahead with our plan to build the chancery on the current site. We have great need for that land. That is a key to the entire program.

It is not feasible to continue indefinitely with our operations in two buildings, where we have to cross hostile land to get from one to the other, nor to allow the Soviets to be sitting in buildings where they overlook the two areas.

It is feasible to construct a small classified annex any place we would like. We could construct it on the land between the two buildings. It is much less feasible to operate with an annex just sitting out there for pure classified purposes and with all the unclassified operations going on elsewhere. It is not desirable in our way of operating to call attention to those people who are carrying out

classified purposes, without an ability to say, these are the day-to-day operations of the embassy, these are the operations which do not mix in with the public.

In other words, it is our plan that the consular operations, the commercial operations, the USIA operations, should not be carried out from the new complex, but that all of the other operations be carried out of a single chancery, the other operations being diplomatic, politico-military, administrative operations, so that the people who work inside the building who do not generally deal with the general Soviet public should be in one place, for many reasons which you can easily picture, Mr. Chairman.

The CHAIRMAN. I follow the logic of what you are saying. You are absolutely right. But why could not the entrance be underground? You cannot see them there, a tunnel. As you know, it is full of tunnels now, that whole area.

Mr. SELIN. There are a lot of unclassified people walking around in these buildings. The current chancery sits right on top of the cafeteria, of the commissary, of the bowling alley, of the theater downstairs. We do not want hundreds of people coming in from the street who have not been searched for weapons, et cetera.

But we cannot maintain complete control of access to such a large space as you are describing, Mr. Chairman. But I still would like to come back to the basic point, that it would be feasible, highly undesirable from an operational point of view, but it would not be any cheaper and it would take more time.

And in spite of the intuitive desire of keeping as much as we can of what we have already built, I still think the bottom line, using my business background, the bottom line is how much does it cost and how long does it take? And the cheapest, fastest way to get a full chancery is to build it on the current foundation.

There are many other things we could do and, quite frankly, there are a range of things which would be more acceptable to the administration than the endless delay that yourself and Senator Helms referred to. But I think the viable options have to do with keeping the current complex, keeping the current foundation, and it comes down to how much of the building would be torn down and how much of it would be replaced.

As you know, Mr. Chairman, I spent a lot of time conferring with the Congress, really conferring, not just trying to talk people into my point of view. And I came to the conclusion that, as split as the Congress is, there seemed to be a consensus on two points: one, it was time to do something; and two, it was time for the administration to make a decision, to come up and say, this is what we want to do, would you please support us so we can get on with the building.

I chose an alternative that appeared to me to have the best chance of building congressional support, because the congressional component is the key component. We can handle the Soviet Union, we can handle the engineering questions. I am not sure we can handle the congressional component of this piece.

We have come up with a recommendation that is closest to the sense of about two-thirds of the people who are interested in the program and that we know how to build. To go back and start look-

ing at additional options, we have looked at all of them. They are feasible. They are more expensive. They will take longer.

I think, most respectfully, sir, it is time to move on with this issue.

The CHAIRMAN. Well, I would not be amongst the two-thirds of the Members of Congress who think this is the correct option. I do agree with you that something must be done pretty soon. We cannot go on indefinitely.

But are you saying that it would cost more to do the option we just discussed, which I would think would be the right one—that is complete the building you have now building no additional floors—use it for unclassified space, then build a new chancery on new land to be acquired, with tunnel access to it, or build it——

Mr. SELIN. Yes, sir, that is a more expensive option. The reason it is more expensive, we have just over $22 million in the current building from above the foundation. It would cost us $30 to $40 million to finish the current building.

The CHAIRMAN. That is $60 million.

Mr. SELIN. Just to finish it.

In order to reproduce the foundation, build a tunnel, and build the whole area that would be secure, oh, that is about $50 or $60 million, not just for the construction but with all the security Senator Helms points out we did not use the first time: the cleared American guards, the security, the observation.

Time is money in this case. Just having secure, cleared guards, secure operations on the site, would cost us over $1 million a month. A delay of 2½ years from one to the other is a difference of over $25 million just in construction security between the two, the two options.

It would be cheaper and faster to tear down part of the building and rebuild part of the building. There is no demand for this in the Congress. That is one option that nobody I have talked to has expressed a great deal of interest in.

When you get down to saying whatever building we use for our classified operations must be new from the foundation up, the cheapest, fastest, and equally effective approach, probably more effective approach, is to use the current site. That is exactly what I am saying, Mr. Chairman.

The CHAIRMAN. That is your view. I am not sure that it is the view of all those exposed to the problem, because I have had conversations with them.

Mr. SELIN. There is a strong intuitive feeling that it is wasteful to tear down the perfectly good structure. But the people—this is not just my view or the State Department. We have done this as a full administration review, with as many of the congressional staff as are interested sitting in on every step. We have had the CIA, we have had the Defense Department, we have had the State Department do the engineering studies, do the design. It has been completely vetted.

All aspects of the proposal, about the security of operations, the costs, the schedules, represent an entire administration point of view.

The CHAIRMAN. Also, if you use the same foundations will there not be a security risk there?

Mr. SELIN. We believe that any foundation will be completely not secure, whether it is the same foundation.

The CHAIRMAN. You said you were going to keep the same foundation?

Mr. SELIN. We cannot protect the foundation. We cannot protect this one. If we build a new building, we cannot protect the new foundation. So, in order to avoid some of the problems that Senator Helms referred to, the entire security concept is based on the fact that the foundation is out of our control from a security point of view.

It is too easy to tunnel into it. It is impossible to actually set it off in a way that you can observe it. So, we have a construction concept that has a complete break, visually, electronically, hydraulically, between the foundation and the building that sits upon it. No continuity of spaces, no continuity of conduits; open areas for physical inspection.

So, that tunneling into the foundation, be it this one or a new one—we believe we can control the tunneling from the foundation into the building itself.

In any event, the first two stories of the new building would be used for nonclassified operations, somewhat sensitive in the sense of administrative work, who is drinking, who has marital problems, et cetera, but not classified work.

The CHAIRMAN. My time is about to expire, so I will desist and then come back.

Senator Helms.

Senator HELMS. Mr. Chairman, thank you.

We have two excellent men here this morning. I know them both. I have worked with them. And I just want you to know that if I ask any penetrating questions, as the saying goes in North Carolina, it ain't nothing personal.

But first of all, John, let me go to another subject. How about Mr. Arafat's visa? Are you going to give it or ain't you?

Mr. BOLTON. Late last night the Security Council, sitting in informal session, decided to meet in Geneva this Friday at 3 o'clock. A precondition for that was the withdrawal of the diplomatic note that the PLO's representative in New York had sent to the United Nations and a commitment that Mr. Arafat himself would not apply for a visa.

So, the answer is he is not coming to New York.

Senator HELMS. Now, I take it the United States is not going to press any objections to meeting with him at all; is that right?

Mr. BOLTON. Well, under the rules of the Security Council, when a situation arises where a member requests that somebody address the Council, the rules permit that. But in order not to that to have the question of the visa to arise, the Security Council will meet in Geneva.

And I should say, if I might add one other thing, I understand this morning there is reporting that there is some other side agreement that the United States has made with the PLO.

Senator HELMS. I was going to get to that.

Mr. BOLTON. There are no side agreements at all. I can assure you of that, Senator Helms. I spoke with Secretary Baker directly on this several times yesterday and today, and his position was

very clear that the diplomatic note to the United Nations had to be withdrawn and that no visa application would be made, with no conditions attached. And there are no conditions attached to it.

Senator HELMS. Well, I do not think we ought to be dealing with him at all.

At the risk of being redundant, Mr. Selin, or Ivan, drag past me one more time your explanation, which you are here representing the State Department, to support a justification for a 22.7-percent increase in authorization less than 100 days after Congress approved Public Law 101-246?

Mr. SELIN. Senator, what we are trying to do——

Senator HELMS. Just give me a short and persuasive.

Mr. SELIN. The short, persuasive answer is we are trying to use the authorization the way it is intended. It is not an annual amount of money that is coming up. We are supposed to identify programs and when we have the data come up to the Senate and the House, discuss them fully, have them vetted, have them agreed, and go ahead.

The two major items that we have are a construction program, which is a 6-year program for a new embassy, and a contribution to the U.N., which is a 5-year program. It looks like a 22-percent increase, but really we are talking about on the order of 3 to 5 percent a year in annual spending.

It is just that once the information is available on the total program that we can come up and say, Senator, for the next 5 or 6 or 7 years this is an issue we do not have to bring back to you, that is what we are doing. We happen to have two large programs now, in large part, as you pointed out, to make up for past deficiencies in either the management or direction of the programs, and they hit at the same time.

Senator HELMS. You do not suggest that either is an emergency, though, do you?

Mr. SELIN. No, sir. When we have the information to ask you to review a program over the next several years, we ask that you review it. Obviously, I believe very, very strongly we must get started on the Moscow building, but we were not going to ask for authorization until we had all our ducks in order.

As far as the U.N. contributions, Secretary Bolton can talk to them, but basically the President has decided—we, not to anybody's surprise, support our President on this issue—that he does not want to eke this out year in and year out. He would like to come to an understanding with the Congress of the United States and then get on with the program.

That does not mean there is no cost to not authorizing them. Emergency and delay are not opposite questions.

Senator HELMS. I will tell you what the emergency is. It is the Federal deficit.

Mr. SELIN. The deficit is an outlay question, Senator. We could have come up and broken this out, eke it out year by year. But I think we are taking your guidance seriously, sir.

Senator HELMS. Well, let us say that authorization and appropriation are more than first cousins.

Mr. SELIN. That is why we are trying to lay the whole program out on the table.

Senator HELMS. I do not know which is the more evil.

Mr. SELIN. So that you can rule on the program for the next 5 years, even if it is a 5-year.

Senator HELMS. You are doing the best you can.

Mr. SELIN. Thank you, sir.

Senator HELMS. Let me ask you, have you seen my letter of May 11 to Secretary Baker regarding Tom Pickering's plan for housing at the United Nations?

Mr. SELIN. Yes, sir. Yes, I have.

Senator HELMS. OK. Well, as you know, there is a substantial disagreement as to whether it is really all that difficult to recruit and keep good employees in New York, at the incredible pay and other arrangements, financial arrangements.

What I want to know, has the State Department really conducted a thorough study of the recruitment and retention situation? Had you done that before Ambassador Pickering wrote his plan and submitted it?

Mr. SELIN. We had not done a comprehensive review of the planning and programming. I would like to, if I might—this is a very important question and, with your indulgence, I would like to address it——

Senator HELMS. Sure.

Mr. SELIN [continuing]. With the depth that it calls for. The first question is, I authorized Ambassador Pickering to come consult with the Congress in advance of there being a departmental position. I thought it would be, since this is such an important issue, it would be useful to have all aspects of the congressional thought before we came up with a proposal, not after we came up with a proposal.

The second is we have looked in detail at the problems the mission has had in filling its own positions, rather than the Federal Government filling general service positions in Washington.

The third, in my personal opinion there is an enormous inequity in treating foreign service officers, who are on a rotational basis, so differently in New York from overseas when they have the same problems of maintaining a residence at home and a residence overseas. That is an equity question as much as an efficiency question.

However, where we come out on what to do with the U.S.-U.N., we do not quite have a position yet. In large part it depends on the success of the Office of Personnel Management with their attempt to have a little bit more cost-of-living basis in the situation.

It is our view that if the OPM proposal is successful, that a large part of the problem with our nonforeign service officers in New York will go away and then we would be left with a manageable problem, a much smaller problem, of both equity and efficiency in having foreign service officers assigned to the mission.

So, we are trying to see where the OPM program goes before we come up. I personally do not think it is reasonable to ask the U.S. Congress to have an entire program specifically for the State Department at the U.S.-U.N. However, to tie it to civil service reforms and to our foreign service program, to extend programs that have already had the support of the Congress, I think is perfectly reasonable, and so we would like to see a little longer where the OPM program goes before we come back up to you more formally.

Senator HELMS. Well now, you mentioned the study, survey, whatever. You will participate in that with OPM, right?

Mr. SELIN. Yes, sir, but we are a very small part of that.

Senator HELMS. Will you make sure that this committee gets a copy of that?

Mr. SELIN. Absolutely.

The CHAIRMAN. Could I interrupt for a moment?

Senator HELMS. Sure, yes, sir.

The CHAIRMAN. Just one question. From the OPM viewpoint, I would hope one of the criteria to assigning people to the United Nations would not be whether they had an outside income or not. But my understanding is that is one of the criteria; am I correct?

Mr. SELIN. The OPM study deals with the civil service, with permanent employees located in New York. The touchier question is how we handle the foreign service people. We already have a program in New York which is significantly less generous for the foreign service than being overseas, both in the way housing is provided and in the way it is taxed.

But we have to solve the foreign service problem. We have to convince you that we are doing something that is both fair and in the taxpayers' interest. But there is an equity problem in the mission, that we want a program where all the employees in the mission feel more or less equally deprived, if you will.

So, we want to see what happens to the OPM before we figure out the foreign service program.

Senator HELMS. Well, in addition you are going to make—well, you are going to make two studies, as I understand it.

Mr. SELIN. We are going to watch the OPM work and participate, as you pointed out, Senator.

Senator HELMS. Right.

Mr. SELIN. We are doing our own study. It is a very modest study.

Senator HELMS. On staffing levels, right? Relative to the staffing levels? Also, I do not understand why five new ambassadorial positions are being pushed by the State Department for the U.N. I just do not understand it.

Mr. SELIN. It is not new positions, Senator. These are positions that have been there for quite a while. What the representative has requested—and I am not sure I will support this or not—is that the third, fourth, and fifth members of the group have a representational allowance. That is a question that we still have to look at. I am not convinced of that one way or another yet.

I am much less concerned about the Ambassador, sir, than I am about the mid-level foreign service officers.

Senator HELMS. In my letter to Jim Baker, I suggested we would be glad to participate in these studies, and I am just wondering how you would feel about congressional participation and putting in our 2 cents' worth. Would you support that?

Mr. SELIN. I am not sure where the impression came that we are doing a study. OPM is doing a major survey. What we are trying to do is, we have the information. We have to make up our minds what we think is a fair thing to do, and the Director General is in the process of doing this right now.

We would of course be delighted to share our work with you, with your staff, on an informal basis. But it is to the point where this issue has been around too long. We are trying to make up our mind what we can recommend and come up to you with the recommendation in the near future.

Senator HELMS. Mr. Chairman, I am glad you inquired. I suggest it may be useful to have my letter to Jim Baker made a part of the record.

The CHAIRMAN. Without objection.

[The information referred to follows:]

LETTER FROM SENATOR HELMS

MAY 11, 1990.

The Honorable JAMES A. BAKER III,
The State Department,
Washington, DC 20520

DEAR JIM: Since shortly after his confirmation, Ambassador Tom Pickering has proposed a sweeping set of changes at the U.S. Mission to the United Nations. Simply stated, he suggests a substantial bonus for moving to the New York area and a 25-percent salary increase for all or most Mission employees.

I have meet with Tom twice on these issues, we have shared correspondence, and I have also requested answers in writing in the course of Foreign Relations Committee hearings. Unfortunately, I have yet to see an indication that the State Department as a whole has looked into the situation at the New York Mission, or that State has agreed on what, if anything, to recommend different from what was agreed on Mission housing by Ambassador Walters and Appropriations Committees in 1988. As far as I know, there is no indication that Tom's proposals have been agreed to by the requisite bureaus at State.

You alone, Jim, can direct the Department to write an agreed-upon, official proposal. Moreover, since I know of no testimony before Congress on this matter, I think it could save time to have thorough consultations at the appropriate levels. I am convinced that the following questions need to be answered before a State Department position can be promulgated. Perhaps a joint State and congressional effort would be appropriate, just as it was when General Walters was the U.S. Permanent Representative. For my part, I offer assistance of the minority staff of the Foreign Relations Committee.

Whether it is an internal State Department effort, or a joint consultation, answers are needed to the following:

1. How serious are recruiting and retention problems at the U.S. Mission to the U.N.?
2. What are their causes?
3. Is it more difficult to recruit and retain Foreign Service Officers than GS or so-called GG (unprotected) employees? Why?
4. What noncash incentives are available to attract and retain Foreign Service Officers to the New York Mission?
5. Which of these have been used? How successful have they been?
6. If it is especially difficult to recruit and keep Foreign Service Officers at the U.N. Mission, what specific justifications were given to reclassify GS positions to FS in recent months? Which Washington bureau approved these actions?
7. Schedule GG employees can be hired and fired at will. Would it be easier to maintain a motivated workforce if these positions were converted to GS?
8. Has the Civil Service Ombudsman sufficient authority to protect U.N. Mission employees who are not Foreign Service Officers, and who are having their jobs reclassified? Is he working on this issue?
9. What relationship, if any, do moving bonuses and/or salary supplements have to the alleged problem of recruitment and retention at the U.N.?

Jim, these and other fundamental questions need to be addressed and answered *before* any further action is taken. Let me add that the committee has been told that the State Department was highly successful at the recent U.N. General Assembly, despite one ambassadorial vacancy and several staff openings. This may be a good time to reassess the entire organization of the Mission, and cut positions and costs accordingly.

I look forward to your answer and wish you well.
Sincerely,

JESSE HELMS.

Senator HELMS. If you will permit me, let me finish this line of questioning. There are a couple of other issues in the Pickering plan that in my judgment were overlooked. One is the need for and the effect of converting schedule GG employees to GS, and the other is the extremely disturbing recent practice of converting GS positions to foreign service positions.

I hope you will, in whatever analysis that you make on this thing, will include these two issues, because I think otherwise there will be some discussion about that when the plan comes up.

Mr. SELIN. Fair enough.

Senator HELMS. I thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Moving on to some other subjects, the Foreign Buildings Office has, I believe, a pilot project planned for an embassy, a preengineered office building, in Port Moresby with a cost of about $13 million. I understand the British have just built a new embassy for under $1 million in the same spot. Why do we have to engage in an operation that is 13 times more expensive?

Mr. SELIN. Well, the British Embassy and our Embassy are built on completely different assumptions, both in terms of what we have to do and how we have to protect our people. Port Moresby is a very dangerous place, Senator. It is a little bit the way you described the Senate. The activities are not all that organized, but they are still quite lethal.

We are not about to put up a building that does not have both physical security and protection of our classified information.

Second is our building is about twice the size of the British chancery. But the main thing is that we are not putting up standard office buildings. We are putting up office buildings that have a certain amount of physical protection and protection for our communications and our security.

I think the building is expensive. Mr. Dertadian has told me just before we came in that we are going to take another good look at that building before we go into construction. But we cannot build chanceries for $1 million.

Commercial practice says that you ought to be able to build a building for $100 to $150 a square foot. An American chancery, depending on the security threat, runs between $250 and $400 a square foot for the classified parts, the protected parts of the chancery.

We have a large number of programs underway, prefabricated buildings, not just preengineered but prefabricated buildings, et cetera, to try to close that gap, to reduce the communications costs, not to put our communications rooms up on the top floor, which has been the practice in the past.

I think it is a reasonable objective to get down to $200 or $250 a square foot for anything short of a Moscow or an Eastern European building.

But all the Brits have done is put up an office building there, where people can come in and go out. And the threats to our people are too serious.

The CHAIRMAN. But are there not equal threats to the British? Is not the security the same?

Mr. SELIN. No. No, sir. There have been no riots in Jordan or in Egypt in front of the British Embassy in the last few days. They do not suffer the same threats in Islamabad that we do. Americans are more subject to threats of various kinds. Our information is more valuable and our people are more vulnerable.

The CHAIRMAN. Is the level of threat low level, medium level, or high level at Port Moresby?

Mr. SELIN. Port Morrisbey is critical for crime and it is probably low for terrorism. But there is a lot of violence in Port Morrisbey, Senator.

The CHAIRMAN. Of course, the whole concept of this additional security to my mind can be questioned, because when you go into the foreign service you are going into a service where you know there is risk, like when you go in the military or you go in the police department.

Mr. SELIN. Yes, sir.

The CHAIRMAN. And you get recompensed, presumably, a little bit better because you take into account that risk. But you shouldn't be confined in sort of golden ghettoes in different parts of the world, and it would seem to me there should be more access to the general public.

Mr. SELIN. Mr. Chairman, I have been advised not to argue a point like this with the chairman of a very important committee, but I do not think that is good advice. I have to tell you I would consider it totally irresponsible not to provide our people overseas who we send knowingly to dangerous situations with a level of personal security consistent with the threat we ask them to take, and especially their families.

I have been myself to 41 countries since I have been confirmed in this job, mostly in the Near East, in East Asia, and Africa. These are in general very dangerous places to be, particularly places to live.

We cannot lock up our people. They have to go out and do their work. Some of them have to do the work at 2 o'clock in the morning in places where you would not want your children, nor I mine. There is not much we can do about that.

But to leave people vulnerable, whether it is in Manila or in the Arab world or what have you, I cannot sanction that. Now, the place where I do have concerns is where we are building a building that is physically more protected against the bomb blast or what have you when there are cheaper ways of doing this by controlling access of vehicles to the building. And in many places we probably have overdone the protection of our technical information.

We are looking seriously at reducing these costs. These are very, very heavy costs. In large part we are looking at this by combining under Mr. Dertadian both the security operations and the construction of the building.

But it is a dangerous life as it is. As you know, we have lost more ambassadors than we have generals since the end of the Second World War. I was last week at the unveiling of the new plaque for the five foreign service people killed in the line of duty in the last year.

There are things we can do and within reason we have to do these. I do not think that building is overbuilt from that point of view.

The CHAIRMAN. I agree, I concur with you. I think when you see the plaque at the State Department of the foreign service officers killed in the last 100 years compared with—the last few years, compared with the much longer period; it is a shocker. But also, it is a dangerous occupation.

Mr. SELIN. Yes, sir. In spite of our best efforts, it remains dangerous. But it is like everything else: you have to reduce the risk up to a point, and after that there is a fair amount of risk.

But I do think you are going to see our officers living in compounds more and more over time. It is just getting too dangerous in too many places to leave people in isolated apartments throughout the villages. It is an unfortunate, but it is an inevitable, trend.

The CHAIRMAN. On another subject, the question of consulates. I used to be ridiculed in the Department for advocating the reopening of the consulate in Bratislava. I see that is now part of your plan. And in connection with opening new consulates in Eastern and Central Europe, I wonder if you could give me a rough idea of which communities you plan to do it in, which cities you plan to do it in, and if you plan to close any consulates in Western Europe?

Mr. SELIN. Yes, sir. In the near future we plan to open a consulate in Bratislava and a consulate in Leipzig. In 1991 we propose, plan to close the consulate in Salzburg in Austria; and after the celebration in 1992, the consulate in Genoa, which has been discussed for a very long time.

When you get beyond that period, it is very hard to say exactly where we plan to open places. We may have three new embassies of one kind or another in the next year or two, and if the Soviet Union fragments a little more we could end up with more chanceries than that.

It is absolutely clear to me that we need more representation in Eastern Europe and in the Soviet Union. It is clear that we have to continue to rethink where we are with a fresh look, not just stay every place we have been since 1949 and add places, too. We do not have the resources to continue everything we are doing and go on.

I have not set a strict rule that says every consulate opened requires a consulate to be closed. But I have pressed our European Bureau very hard to say, let us continue to look at these consulates and say, if we were starting over where would we put consulates, not just where do we happen to be.

The CHAIRMAN. I was a little disappointed to hear that Salzburg and Genoa were on the list because my legislation was responsible for the reopening of both of these consulates in the past. I believe the cost of consulates is very minuscule, and I was just curious what additional funding authority would it take to keep all the current consulates open and still implement your plan for new consulates in Eastern Europe?

Mr. SELIN. I sort of shudder to answer that question, because——

The CHAIRMAN. Well, they shuddered when I talked about Bratislava. They shuddered when they talked about Salzburg, which was reopened and now you plan to shut again. And they shuddered when I talked about Genoa.

A couple of these areas I have been stationed myself as a foreign service officer, both Bratislava and Genoa.

Mr. SELIN. In Genoa we have one American, seven Italian employees, and recurring costs in addition to salaries of about $100,000 a year. The total amount of cost that would require us to keep Genoa open would be on the order of $1.5 to $2 million a year.

The trouble with that, Mr. Chairman, is that any particular post, one could always make the argument that the costs of closing are really not called for. But when you end up, you end up with a lot of places, each of which is costing us $1 or $2 million a year, which are just not contributing as much to our needs as the places we wish to open or to go on.

What we are faced with in Europe is not just the opening of Eastern Europe, but also the general and gradual shift of responsibility for more and more items—terrorism, aviation, customs accords—from individual bilateral relations to multilateral relations.

We need to move some resources to Eastern Europe. We need to strengthen our relations with the European Community, with the CSCE.

The CHAIRMAN. Nobody is arguing with that. I am arguing with closings.

Mr. SELIN. We cannot afford all of that, Mr. Chairman. We have to be absolutely ruthless in protecting the taxpayers and spreading our foreign service resources, which are very thin as it is, as little as we can. It is always rather arbitrary to say, "Do we really have to close another consulate or not?"

But if you look back over the years and you do not close one set of places while you open the additional ones—remember, your legislation was to keep us from just closing these as costsaving measures one at a time. Now we are talking about shifting resources from places of reasonable priority to places of higher priority, which I think is a fundamentally different question.

We are responding to the guidance that we have gotten from your committee over the years to try to do this.

The CHAIRMAN. Thank you. My time has expired. Senator Helms.

Senator HELMS. How come, John, there are any "arrearages," meaning past dues not paid? Why did we not pay those dues to the United Nations?

Mr. BOLTON. The way the United Nations system works generally is that our contributions are on an assessed basis pursuant to a formula where the different amounts that different nations pay is calculated. Generally speaking, our assessed share of contributions is 25 percent.

Were it calculated actually according to GNP and so on, it would be in the range of 27 percent. But we and others have limited it to 25. At the beginning of the United Nations, our share was 49 percent, and in fact if the calculations had been followed the way they should have been it would have been 51 or 52 percent. But the framers of the U.N. thought that it was unsatisfactory for any nation to pay as high as to pay a majority of the actual cost.

So, that over the years we have reduced the share of assessed contributions that the United States pays. Most recently in the seventies, when President Bush was our Permanent Representative in

New York and the two Germanies were admitted, we reduced our share from 30 to 25 percent.

Now, over the years there was increasing dissatisfaction in this country, as reflected particularly in Congress, with the performance of the United Nations and its various associated specialized agencies. And Congress, reacting to the politicization of those agencies and to the perceived ineptitude and inefficiency in the U.N., began to withhold substantial amounts of our assessed contribution.

Senator HELMS. In other words, the people of this country and the Congress reacted to the anger of the people of this country?

Mr. BOLTON. Absolutely.

Senator HELMS. That we are going to cut your damn funds, is the size of it; is it not?

Mr. BOLTON. Absolutely, and correctly in my view.

Senator HELMS. So, now here we trot up and we say: "Well, we did not really mean it; we are going to pay our debt." Well, I do not think we have any debt. Let me make that perfectly clear to a good friend, which you are.

I think it is stupid. I do not think we ought to pay a nickel in arrearages, and I think there ought to be an exact explanation of where this money is going and how it is going to be used and all that sort of thing. You know, to let these countries that vote against us constantly get any benefit from the American taxpayer is unconscionable.

I say we are lucky. As a matter of fact, I was preparing to get the National Taxpayers Union to give the State Department a plaque and maybe give one to the Congress for cutting spending to the United Nations. I wish we could cut it some more.

Mr. BOLTON. Well, if I could continue with what happened.

Senator HELMS. Yes, OK.

Mr. BOLTON. Nothing concentrates a bureaucracy's attention so much as having its budget cut and, as a result of the Solomon-Kassebaum amendment and a lot of other attention that was paid to the deficiencies in the United Nations, we have begun to make some substantial reforms.

We are not all the way there yet. We have, for instance, in the case of the Food and Agricultural Organization in Rome very grave difficulties with the management of that operation, and that is reflected in the fact that we will contribute this fiscal year only approximately $18 million, rather than our full assessed share of $61 million, as a sign that we are gravely dissatisfied with the continued management of that operation.

Senator HELMS. Why not cut it all out?

Mr. BOLTON. The $18 million figure is calculated to preserve our vote. If we contributed less than $18 million—this is approximate now. It is not quite $18 million. But if we contributed less than $18 million, we would lose our vote. And we wanted to preserve it, at least for the next year.

I can say, as I mentioned during my opening remarks, that we did use financial leverage last year and are continuing to use it in the U.N. system to avoid the PLO obtaining membership as a state, and there is not the slightest doubt in my mind that it is the finan-

cial leverage that has contributed to the result that no U.N. agency has admitted the PLO.

The Ambassador of the Arab League said that what we were trying to do by using the financial threat was to extend our veto, which we have only in the Security Council, to extend our veto to the other parts of the U.N. system, which I wish I had thought up that characterization because in many respects that is exactly what we did.

But having now in effect used the leverage, having gotten a substantial amount of reform, we are at a position where if we do not begin to pay our assessed contributions and begin repaying the arrearages, it is the President's assessment that our ability to operate in the U.N. system will be gravely impaired.

That is particularly in a number of issues where we are directly benefiting. For instance, in the area of peacekeeping, peacekeeping now encompasses a range of things that were not even contemplated as recently as 5 or 10 years ago.

The peacekeeping operations of the United Nations are advancing American interests. For instance, in Nicaragua the presence of U.N. and OAS election observers in my view were critical in convincing the voters in Nicaragua that the elections would be conducted in a free and fair fashion or that, if they were not, the international observers present would be able to spot that.

In my own view, the reason why the polls before the election showed the Sandinistas winning comfortably in almost every poll, whereas the actual result was the election of Mrs. Chamorro, was that when people were responding to the pollsters, my belief is they assumed they were government agents of some sort or another and they therefore gave the pollsters the result that they thought would protect them. But when they got into the voting booth and, after months of U.N. and OAS efforts to convince them that the integrity of the electoral process would be respected, they voted what their actual conscience was, and the result was the Sandinistas being turned out of office.

Now, that was not due entirely to the U.N. election observers. I do not argue that point. But I do argue that their presence there, at a relatively small cost to us, was a critical factor in ensuring that a real election did take place there.

There is every prospect for increased use of U.N. election observers in other situations. I think in Namibia, where I spent 5 days last November observing the U.N. observers, the consensus of everyone who attended the election was that the large force of U.N. election observers was, as in Nicaragua, a critical fact in convincing the Namibian people that in fact a page in their history had been turned and that they were going to be able to vote for exactly who they wanted to.

In fact, some of the protections to the integrity of the electoral process that the U.N. insisted on in Namibia would be good examples for some counties in western North Carolina, where members of a different political party have over the years quite regularly done things like chain ballots and others. The ability to do chain ballots was rendered inoperable in Namibia by a U.N. suggestion to the South African authorities.

I could go on. There are prospects for some agreement in Cambodia. We have the possibility of U.N. involvement in elections in Afghanistan, in the western Sahara, and in many other places, all of which are critical to advancing U.S. interests.

Now, at the same time I can assure you that we scrutinize the budgets of these U.N. agencies very carefully, and we have over the years insisted on what we call zero real growth, which means that new programs which are proposed have to be financed by cutting old programs.

We operate on essentially what in U.S. budgeting terms is a current services level, and we have been very successful there. But where agencies have strayed, we have not hesitated to express our dissatisfaction, nor will we hesitate in the future.

And as you know, Senator, just recently the Secretary submitted a report pursuant to statute on UNESCO, observing that the time was not yet ripe for the United States to consider whether or not to rejoin that organization. That is a position that some in Congress have criticized, but frankly I think it is correct.

As I testified on the House side, that was my recommendation to the Secretary because I could not justify requesting what would be approximately $50 million per year of the U.S. contribution to UNESCO, that the benefits of rejoining simply were nowhere near the cost it was going to require.

Senator HELMS. I think that was a correct decision, John. You have not had any hue and cry from the public?

Mr. BOLTON. Virtually none.

Senator HELMS. We have had none, no criticism. As a matter of fact, there is some astonishment that the State Department got some backbone for once.

Let me go down. I have got to go, Mr. Chairman. Can I impose upon you to just ask four or five rapid fire questions?

The CHAIRMAN. Certainly. But just for the viewpoint of the record, we must agree to disagree about UNESCO, you understand.

Senator HELMS. Yes, sir. I expected that.

But he is still my buddy anyhow.

Does the United States know how these arrearage funds will be spent if in fact the Congress approves it?

Mr. BOLTON. What we plan to do agency by agency is first repay depleted working capital funds for those agencies that have them, but No. 2, that any additional usages of the arrearages would be by agreement between the United States and the organization.

Senator HELMS. Which leads to my next question. Have there been any discussions—I assume there have—between U.S. and U.N. officials on these points that I am making?

Mr. BOLTON. Yes. I have made them in virtually all of my discussions with the Directors General or comparable agency heads throughout the U.N. system, and we have also informed our friends in the Geneva Group, the Geneva Group being the group of all Western donors which pay more than 1 percent of the contributions. We have made it clear to them that the additional expenditures would have to be with our agreement.

I might say, every one of them has been critical of that. Nonetheless, we are going to insist on it.

Senator HELMS. I take it then that you have—and I do not want to ask you to tell me now, but can you send the committee and certainly to me a sort of agency by agency review of how the funds are going to be spent?

Mr. BOLTON. We are now in the process of attempting to come up with broad categories of how it can be spent. We would be happy to share that with you and to consult closely with you, because even if the full authorization and appropriation are voted by Congress this year, we are cognizant that you are going to be very interested in how the money is spent.

I have told the Directors General that the first one of them that buys a new rug or gets fancy new office furniture with this money is going to be the first agency to find it cut off again.

Senator HELMS. And funds that are not spent will go into what, a surplus or reserve fund?

Mr. BOLTON. Many of the U.N. agencies have what they call working capital accounts or some fund like that, that is used for contingencies or for capital development. And because of the U.S. lack of payment and lack of payment by some other governments as well, they have resorted to dipping into the working capital fund, and that was with our knowledge and consent.

At least the preliminary use of some of that money would be to repay those funds.

Senator HELMS. What would be the repository for the funds, a bank account?

Mr. BOLTON. Basically, yes, or short-term money instruments.

Senator HELMS. None of it is going to be returned to any other member state?

Mr. BOLTON. It would certainly be our intention that that not happen.

Senator HELMS. Well, please tell me that you will guard against that happening.

Mr. BOLTON. I will certainly do that.

Senator HELMS. Do you agree that arrearage funds in some sort of surplus account would restrict America's ability to withhold funding for the same reasons that caused us to do it the last time?

Mr. BOLTON. No, I think it is responsible policy to insist that we get value for our money, and that we have no hesitation in doing that.

I should say, just by way of clarification, that the request does not include a request for the amounts withheld pursuant to statute, such as for SWAPO or the PLO. We are not asking for that part of the arrearages to be paid.

Senator HELMS. All right. Mr. Chairman, I am going to have a few written questions which I would like for these two gentlemen to respond in writing if they will.

[The information referred to follows:]

RESPONSES BY MR. SELIN TO QUESTIONS ASKED BY SENATOR HELMS

FUNDING "SHORTFALLS"

Question. A chart supplied by the State Department entitled "Cumulative U.S. Arrears by Type Through FY 1990," contains a column called "funding shortfall." What does that term mean?

Answer. The term "funding shortfall" represents reestimates, Congressional reductions and the administration's commitment to the Budget Summit Agreement, and accounts for a portion of the funding deficits in this appropriation. On an ordinary basis, requirements vary from request to request due to exchange rate fluctuations and the adoption of certain budgets subsequent to our original request for funds. However, Congressional reductions have added to the funding shortfalls over the past several years.

Question. Doesn't the term "funding shortfall" represent the difference between what the State Department requested in 1989 and that Congress authorized in P.L. 101-246?

Answer. No. The Department requested specific dollar authorization only for 1990. Congress decided to estimate the Department's 1991 needs by assuming that there would be no changes in 1991 and to add a small percentage for inflation. The "funding shortfall" takes into consideration reestimates caused by exchange rate fluctuations and the adoption of certain budgets subsequent to our original authorization request. In addition, the President has decided, for 1991, to seek funding for all arrearages we plan to pay international organizations.

Question. What emergency or special needs now justify a new authorization amount that was not present to convince Congress even just a few months ago?

Answer. We are very appreciative that this Committee and the Congress authorized the full amount of our fiscal year 1991 estimated appropriation request which included funds for partial payment of the arrearages we owed to international organizations. Congress, however, did not appropriate the full amount of our request nor did it appropriate any funds for arrearages in FY 1990. Accordingly, at the President's personal direction, the FY 1991 budget includes essentially full funding for our current obligations and funding for all arrearages we plan to pay international organizations, including peacekeeping. The budget also includes a request for the increased anticipated costs of expanded activities of the Conference on Security and Cooperation in Europe. This requires an authorization increase of $474,804,000 to be consistent with the levels of funding proposed for the three accounts in the International Organizations and Conferences segment of the President's fiscal year 1991 budget.

Question. John, isn't the term "funding shortfall" just another bureaucratic term for money saved by prudent Congressional action?

Answer. Basically, the term funding shortfall means the difference in what was appropriated and what was required for the U.S. to meet its obligations to international organizations and peacekeeping. As we use it, the term is inclusive of several things, reestimates, Congressional appropriation reductions and the administration's commitment to the Budget Summit Agreement, all of which account for a portion of the funding deficits in this appropriation.

Question. I have been informed that, at a staff level, a Mr. Bauerlein said the State Department was giving up its 1989 request for arrearages in order to pay for other State Department pet projects such as the new Beltsville facility. Isn't it true that the State Department itself backed away from arrearage authorization and that the request in this supplemental represents State's appetite to have and eat cake simultaneously?

Answer. During last year's budget process, the administration, in an attempt to live within the limits imposed by the Bipartisan Budget Agreement for FY 1990, agreed to a cut of approximately one-half of its request for IO arrears. During the appropriations process, however, no funds were made available for IO arrears; in fact, the appropriated level was not enough to meet our full assessments for 1990 and, thus, arrears actually increased.

The FY 1991 request, if approved by the Congress, will allow the United States to meet its solemn obligations to these international organizations. The request reflects the high priority that the President places on our ability to operate effectively in these important multilateral institutions, institutions that have taken on greater significance to U.S. objectives in Central America, the Middle East, South Asia, and Southern Africa over the past few years.

PROHIBITED ARREARAGES

Question. Now in the same State Department chart, John, I notice a section entitled "Cum. Arrears Not to be Paid Back Thru 1990." And under that section, there are columns called PLO, SWAPO, Law of the Sea, South Africa/Israel, TEF Adjustments, and Sundquist. The total of those columns is $72,414,000. Do these columns mean that the U.S., under no circumstances, plans to treat these items as an arrearage to the repaid?

Answer. We do not plan to pay these arrearages and have not included them in our supplemental authorization request or our FY 1991 appropriation request.

Question. Would you say that there is a contradiction between the State Department's request to authorize payment of so-called arrearages and the desire to withhold this $72 million for policy and reform reasons?

Answer. Because we are prohibited by law from paying our share of the funds budgeted by the U.N. for certain activities, e.g., PLO, SWAPO, etc., we do not include funds for these activities in our budget request. In addition, because of overriding political considerations, we do not include funds for certain other activities. In the latter case, we are attempting to effect satisfactory changes, which if adopted by the affected organizations, would cause us to reevaluate our withholdings for overriding policy considerations.

Question. Doesn't it make sense that—sooner or later—someone in the State Department will push to pay this $72 million on the same rationale suggested for this supplemental.

Answer. As I indicated earlier, should the law change or should there be sufficient progress by the international organizations affected by the administration's policy withholdings, we may request authorization and appropriation of these funds at a later date.

PEACEKEEPING

Question. Mr. Secretary, the State Department request for the supplemental authorization bill includes $132,423,000 to increase the peacekeeping account. This is a 115 percent increase over the amount authorized in P.L. 101-246. Isn't this increase lavish when Americans may have to pay for it with higher taxes?

Answer. The increase is not lavish when considering the expense of the alternatives to peace. I believe that most Americans support the important role being played by the U.N. in international peacekeeping.

Question. For what specific purposes will this gigantic increase be used?

Answer. The increase represents the net change in estimated requirements resulting from, on the one hand, reduced costs for some existing peacekeeping operations (e.g., UNIIMOG, UNAVEM), as compared with higher costs resulting from the President's personal decision to request authorization and appropriation in FY 1991 of all peacekeeping arrrears we plan to pay.

Question. What emergency situations have occurred since enactment of P.L. 101-246 to justify doubling United States contributions to the U.N.'s peacekeeping account?

Answer. The increase is primarily attributable to the President's decision to pay all U.S. arrears for peacekeeping. Payment of arrears as well as current assessments are treaty obligations which, in the case of UNIFIL primarily, we have failed to honor. As we found when debating the Central American peacekeeping force, others are reluctant to lend support for operations we favor when we don't pay for U.N. operations that they support. Our continued failure to honor our financial obligations could result in the withdrawal of forces by some troop contributing countries, This could have serious repercussions for the U.N. peacekeeping efforts overall and the credibility of the U.S. in particular.

INTERNATIONAL CONFERENCES AND CONTINGENCIES

Question. John, the supplemental authorization bill has a request for an added $900,000 for international conferences and contingencies. This is a 12.3 percent increase over the amount authorized in P.L. 101-246. Which specific international conferences have been scheduled since passage of P.L. 101-246 which justify this increase?

Answer. The $900,000 is for arrearages and expanded activities of the Conference on Security and Cooperation in Europe (CSCE).

Question. What specific expenditures make up a contingency?

Answer. The expenditures resulting from a necessary activity that was unknown at the time of budget preparation makes up a contingency.

Question. What Bureau or office within a Bureau can authorize expenditure of funds on a "contingency?"

Answer. This is an authority vested in my Bureau, the Bureau of International Organization Affairs.

Question. What specific contingency needs have emerged since passage of P.L. 101-246 on February 16 which justifies nearly a $1 million increase.

Answer. The additional authorization requested is to fund U.S. participation in the Conference on Security and Cooperation in Europe (CSCE).

ARREARAGES OF OTHER MEMBER STATES

Question. In a U.N. report of February 28 of this year, I notice a number of countries are listed with "contributions outstanding" to something called the working capital fund. According to this chart, the U.S. only accounts for 58.7 percent or arrearages in this category, according to U.N. figures. Which other countries have proposed fully to pay arrearages under this account?

Answer. The working capital fund is a statutory reserve of the U.N. which is used to bridge cash shortfalls pending receipt of member contributions. A portion of all member contributions received for the U.N. regular budget is automatically credited to the working capital fund in accordance with U.N. financial regulations (amount of the credit is based on the scale of assessments for an authorized working capital Fund level amounting to $100 million). Accordingly, member states are not in arrears to the working capital fund but rather on their assessments to the regular budget as a whole. The amount of arrearages for each member state is listed in Annex II of the referenced report (as opposed to the chart in question titled, Status of Advances Due to the Working Capital Fund for the Biennium 1990-91 as at 28 February 1990).

We are not aware of any other member state which has publicly indicated its intention to pay its full arrearages to the U.N. regular budget. In this regard, it should be noted that of the $432.3 million in prior year arrearages as shown on Annex II, the United States accounted for some $350.8 million (or, 81 percent).

Question. According to U.N. figures, about $374 million is in arrears to the U.N. force in Lebanon (UNIFIL), on which Col. William Higgins was serving when he was murdered. Of this total, something called the Byelorussian Soviet Socialist Republic allegedly owes $3.4 million, East Germany owes $16.7 million, Japan owes $21 million, Poland owes about $15 million, something called the Ukrainian Soviet Socialist Republic owes $12 million, and the Soviet Union owes $119 million.

John, since the Soviets and two allegedly independent countries that are part of the Soviet Union owe appropximately as much as the U.S. (according to U.N. calculations), what specific plans exist under which the Soviets plan to pay arrears to UNIFIL operations?

Answer. In 1987 the Soviets announced their intention to pay their peacekeeping arrears over a 4-5 year period. At that time their peacekeeping arrears (mostly for UNIFIL) amounted to $197.1 million. With their most recent payment of $47 million made last December, the Soviets are on track for eliminating their arrears as announced.

Question. Why should the U.S. pay alleged arrears for UNIFIL when the Soviets, Poland, Japan, and East Germany do not?

Answer. The Soviets are on track for eliminating their UNIFIL arrears as they announced in 1987. We understand that Japan intends to pay all amounts that they currently owe for UNIFIL (some $21.4 million). We do not know what the intentions are of Poland and East Germany to repay their UNIFIL arrears, however, the amounts owed are relatively small to what is owed by the U.S. (about $32.3 million total for the two countries as compared to $133.9 million for the U.S.). The intentions of other states notwithstanding, the U.S. is committed to honoring its financial obligations to the U.N. as called for under the U.N. Charter. Unless we live up to our commitments, we cannot remain a credible participant in the U.N.

The CHAIRMAN. I think they should respond before the end of the week, because we want to get on.

Senator HELMS. Right.

Well, I thank you very much, and I thank you gentlemen.

The CHAIRMAN. I am sorry, I made a mistake. It should be before the end of the day, because the markup is tomorrow.

Senator HELMS. Yes, but I very much doubt any action is going to be taken by the U.S. Senate on this this week, speaking as one Senator.

The CHAIRMAN. We do want the answers today.

Mr. SELIN. As soon as we have them, Senator.

The CHAIRMAN. A couple of questions I will run through here. In view of the impending restoration of Berlin as the capital of a united Germany, have we suspended all the construction, renovations, and property acquisitions in Bonn?

Mr. SELIN. Yes. I could give you a complicated answer, but basically the answer is, yes, sir.

The CHAIRMAN. What are we going to do with those buildings?

Mr. SELIN. In Bonn?

The CHAIRMAN. What will we do with the buildings in Bonn?

Mr. SELIN. That is a very complicated question. I do not quite know the answer. We have about 400 apartment units in Bonn. We have several hundred million dollars' worth of property.

We occupy about 200 units in Berlin that we are interested in, but we have these as occupation power, not as agreements with the Federal Republic. We have options on about 14 properties in East Berlin that we are very interested in picking up as quickly as we can.

We have a major group organized within the Embassy in Germany under Harry Geisler, who is one of our most senior administrative officers, to work out an overall plan for moving our Embassy, not just properties but property, staffing, financial.

Mr. Dertadian—I try never to disagree with a Senator, but we have at least three good men and one good woman up here, not just two, and Mr. Dertadian is one of them. He is supporting this group in trying to figure out from a business point of view exactly how to keep as much value of the resources we have in Bonn, what kind of trades we can make with the German Government itself.

But the short answer is we have stopped spending additional money, with your concurrence we have reprogrammed money to pick up the properties in East Berlin. We are trying to get a staffing plan for an embassy in Germany when all is done. It will not simply be a removal of people from Bonn to Berlin, but a new look at what the German Embassy should look like.

The CHAIRMAN. Thank you. I would imagine that the real estate market in Bonn is going to have a fall, so it might be better to keep the properties for a while until it comes back.

Mr. SELIN. Well, there are some complicated questions of just what the Germans will be interested in doing and what they are allowed to do. They are not enormously interested in additional real estate in Bonn, but they have some obligations to us, just as they do to, say, the Soviet troops and a lot of other people.

So, the negotiations are part commercial and part political on just how we handle these properties.

The CHAIRMAN. Thank you.

The Organization of American Historians and the American Historical Association have raised concerns that some information has been omitted from the series for reasons other than to protect national security, in other words fear of embarrassment. The chairman of the Department of State's own advisory committee of outside scholars felt strongly enough on this issue to resign, I think it was last February.

Could I have your comments on why the integrity of the previously highly regarded "Foreign Relations" series is being questioned by some of our noted and trusted historians?

Mr. SELIN. Well, there are actually several different questions that Dr. Cohn brought up in your question. Beginning with the most recently released volume, our historians have included a new and expanded preface that describes the methodology, because in

fact we basically publish the documents without much description and it was hard for an outsider, or for me for that matter, to find out what was in and what was out and what was the reason.

This preface describes the criteria for withholding documents and explains the terms of access by the Department's historians to the intelligence materials. As you are aware, Mr. Chairman, but some of the public is not, these are not entirely State Department documents. We have many agencies, each of which follows its own classification and declassification procedures.

This is only one small part of our effort to ensure that the Department brings out a complete and accurate and honest picture of past events. We are pretty far behind in bringing these documents out now.

I am concerned about Dr. Cohn's remarks, but I am more concerned about the fact that we have fallen so far behind in just getting the documents out, as opposed to a few omissions for security or other reasons. Our current plans are to get out the last 25 of the 70 volumes for the 1953 to 1960 time period by 1992. That will still leave us 33 years behind. The standard is supposed to be 30 years behind.

I in fact have a meeting set for tomorrow morning to go through our internal organization. Unfortunately, our internal organization is not optimum for this, either. Part of the responsibility is the Office of Public Affairs' and part of this is in one of my offices for declassification.

So, to make a long story short, I think that I do not agree with Professor Cohn's comments at all. However, I am not satisfied that we have been as aggressive in pushing other agencies to declassify material that might be declassified. We have not explained to the public what our criteria are for being in and being out, and we have fallen further behind in our standards, not entirely for resource reasons.

We are going to get this program on schedule. We are going to get it going. We have to be a little more careful how we use outside people. In many cases they do not want access to classified information, I mean our advisors, because that might limit their ability to publish, and yet they still make remarks about whether we have included or not included these documents.

The CHAIRMAN. Thank you.

Somewhat along the same lines, the State Department has discontinued publication of the "Department of State Bulletin." A number of libraries, including the Library of Congress, have indicated the loss of this publication hampers their research efforts, and the cancellation of the "Bulletin" also affects the Federal repository libraries across the country, Government agencies, private scholars, and the general public.

What did the Department spend on the publication in the past, and why did it drop it?

Mr. SELIN. Well, we spent a little over $90,000 a year on the publication. However, we have not dropped the document. What we have done—it is sort of curious that our Office of Public Affairs did not do a better job of the public explanation of what we are doing, but took a very sound management step. That is usually my problem and not theirs.

The document is archaic. It is produced by archaic methods. It is a compendium of critical papers, serious papers, and papers that are easy to get in other places. Most of the people who get this—there is a very small number of people who use this, but they are very important people.

But much of the material is redundant to many people's purposes. So, we are trying to do two things at the same time. The first is to really go through the material, do a survey. We have started talking with the President of the American Society of International Law and some other people to find out exactly what is useful and what is not useful, what is it that the Government is reproducing twice at taxpayers' cost and what is it that we are really making available.

The second is we are moving—a massive turnover, only 10 years behind the state of the art—from physically typesetting these documents, moving to desktop publishing, which is due to be out in January 1991.

What we should have explained and what we did not explain is we are reviewing the content. We have determined to continue to publish a "Bulletin" which will be somewhat lighter and more streamlined for the purposes. We will use new technology, within 9 months of now. And in the interim, in order in part to finance some of these investments—as I mentioned in my opening statement, we are very hard-put to make investments, large and small, because of the 614 restriction—we are cutting out the publication of all but the treaties, because everything else is available someplace else.

By the beginning of next calendar year, there will be a program. It will have been vetted more completely than this one has been with the users, which will be both more useful and much more cheaply and much more rapidly produced.

The CHAIRMAN. I must say that we have received letters indicating that the materials are not all that easy to acquire and that having the documents in a single document is helpful. This is not a major problem, obviously.

Mr. SELIN. It is, there is no question about it that we have gone a little bit too far too fast and not really explained it. But it is a very small number of people that are affected, but they have some very serious concerns.

The CHAIRMAN. I realize in part I am wearing my hat as vice chairman of the Joint Committee on the Library, which has a very real interest in this.

Mr. SELIN. I think a certain amount of criticism, slightly less than that which we have received, but a certain amount of criticism, is justified on this program.

The CHAIRMAN. Thank you.

In connection with the Mount Alto Embassy, a year ago when the administration requested the repeal of Section 151 of the Foreign Assistance Act of 1988-89, the administration said it could not meet the certification requirements that implementation of the United States-Soviet embassy agreement is "vital for the national security of the United States."

Has the administration's position changed so that you now believe it might be possible to certify the agreement is vital to the national security of the United States?

Mr. SELIN. Time has changed and the facts have changed, Mr. Chairman. To be absolutely blunt about it, the Congress made it very clear that they were not interested in repealing that section. Now we are to the point where, if we do not make the certification, we would have to evict the Soviets, and that would have very serious impact on our own representation.

So, really the passage of a year has quite drastically changed the ability to make that certification. I would much have preferred to see the section repealed, but, as stubborn as I am, I did get the message that the Congress did not want to hear this again, and so rather than come up to try to get the repeal again, we felt that we would recommend to the President that the certification be made.

The passage of the year changes the national interest in not evicting the Soviets quite drastically.

The CHAIRMAN. I thank you very much indeed. I thank you, Mr. Selin, and thank you, Mr. Bolton, for the graphs. And I also thank you for the very strong statement of support of the President's personal interest in getting out of the deadbeat status that we occupy now vis-a-vis the U.N. I am delighted that he feels strongly about that.

I thank you all. As I say, try to get those responses to our questions back today. We will be voting on this tomorrow.

Mr. SELIN. As soon as we have the questions. It is quite possible we know what the questions are in advance, Mr. Chairman.

The CHAIRMAN. You may even have the answers written in your nice notebook there.

Mr. SELIN. Thank you very much, sir.

Mr. BOLTON. Thank you, Mr. Chairman.

The CHAIRMAN. The meeting is adjourned.

[Whereupon, at 11:47 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

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